The Thesis Committee for Daan Jaco Botes
Certifies that this is the approved version of the following thesis:

Acquisition Integration Framework for Technology Enterprise: The Human Factor

APPROVED BY
SUPERVISING COMMITTEE:

Supervisor: ______________________________
Kyle Lewis

____
Ken Cowan

Acquisition Integration Framework for Technology Enterprise:
The Human Factor

by

Daan Jaco Botes, B.Eng.; M.Eng.

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Dedication

Dedicated in thankfulness to the pillars of support in my career journey:

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Abstract

Acquisition Integration Framework for Technology Enterprise: The Human Factor

Daan Jaco Botes, MSE

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Supervisor: Kyle Lewis

Acquisitions are common in today's business and people involved in acquisitions face challenges when they become part of this process. This thesis aims to provide an understanding of the human factors that determine the outcome of acquisition integration. Various frameworks exist in the literature that focuses on human and task integration as measures for success. In addition to these, the author explores an additional aspect, customer integration, as an important measure to determine overall integration success. Execution is the key to successful acquisition integration.

Employees of a technology company were surveyed to gauge their acquisition experiences over three past acquisitions. The survey was a limited targeted case study that focused on analytical value, rather than statistical value. The survey data is analyzed and aligned with the literature data to identify some possible best practices the technology company could follow in future acquisitions. The survey results are used to establish the implications for the company's acquisition process and to help the development of a playbook for acquisition integration.

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Chapter 1: Introduction

MERGERS AND ACQUISITIONS

Acquisitions and Mergers are common in today's business. In a profit-driven society, the focus is on the bottom line. Mergers and Acquisitions provide means to achieve the goals associated with this focus. In today's global economy mergers and acquisitions are an integral part of growth strategy and in a challenging environment organizations are challenged on several fronts. Alliances become potential acquisition targets and partners become competitors (Marks, 2007). A recent *Wall Street Journal* article describes how, in the current economic climate, the number of acquisitions due to distress is soaring. In cases like these, limited time is available for planning an acquisition well, adding to even more challenges (Spector, 2009). In this thesis the terms "merger" and "acquisition" are used. These are defined in more detail later, but in this thesis they are used interchangeably. In both of these business processes, two companies combine in one form or another and result in one remaining company. The thesis study and literature review show that the effects on the human and how to address or mitigate that – the focus of this thesis – are largely similar for both mergers and acquisition processes.

THESIS OVERVIEW

This thesis aims to provide an understanding of the challenges that people face when they are part of an acquisition process. The thesis also aims to provide a framework for post acquisition integration. Finally, the thesis analyzes a survey given to employees of the Zeta company, a technology business that acquired several other businesses over the past ten years. While the field of mergers and acquisitions is very vast and wide, the assumption in this thesis is that the reader understands the basic issues involved with acquisitions. The focus in this thesis is on post acquisition integration, not on financial or procedural due diligence processes.

This first chapter provides an introduction to mergers and acquisitions within the scope of this thesis. Chapter 2 continues with an overview of the human factors and integration factors related to acquisitions based on literature. These factors are based on satisfying some of the thesis research questions discussed elsewhere in this chapter. The thesis evaluates the reasons for success and failure of acquisitions based on the literature, as well as the methods available for dealing with human factors during acquisitions. The thesis concludes that integration execution is *the* crucial step in acquisitions.

The thesis evaluates several acquisitions done by a company in the technology industry, hereafter referred to as the Zeta company. Any identifying company information is masked for the purpose of this thesis. The Zeta company acquired three other companies and considered acquisition of an additional fourth company. The Zeta company should be able to establish an acquisition integration playbook that is based on theory from the literature and lessons learned from actual acquisitions.

During the work for this thesis a targeted survey was conducted for each of the acquisitions of the Zeta company. The purpose of the surveys was to determine how employees who were part of and/or affected by the acquisition experienced the integration of the particular acquired company into the Zeta company. The survey focused on managerial, human and task integration, customer aspects, and perception of the new combined company after the acquisition. The survey data is analyzed and aligned with the literature data to identify some possible best practices the Zeta company could follow in future acquisitions. The thesis then uses the survey results to establish the implications for the Zeta company's acquisition process and to develop the integration playbook.

RESEARCH QUESTIONS

The thesis aims to answer questions in three main areas. The first area is to determine the human factors associated with acquisitions. This is mostly found in the literature. Focus is on which factors help ensure the success of acquisitions and which factors lead to failure, as well as the prevalence of each type of factor. The second area is the best practices for acquisition integration. Focus is on factors documented in the literature that lead to successful acquisition integration and that can be used to create a playbook for integration. The third area is to evaluate the Zeta company acquisitions to identify what activities it did well and which aspects need to be improved. This information could serve as source material for a playbook for integration.

Human factors that determine the outcome of acquisitions

A literature review will focus on the reasons for failure of acquisitions. The review looks at the factors as found in the literature, and shows how these factors influenced success and failure in some example acquisitions. Additionally, the goal is to identify the reasons the human factor is sometimes overlooked, and to investigate the various states and conditions that exist in the minds of people as they go through the acquisition process.

Current best practices for integration in the literature

In the literature review current practices and suggested frameworks for best practice during an acquisition are presented. Literature frameworks for integration and recommendations are consolidated to an actionable list of best practices and behaviors for acquisitions. These behaviors could be useful to a company when executing the acquisition integration process.

Zeta company lessons from past acquisitions

A final focus of this thesis research is the experiences from the acquisitions done by the Zeta company. A survey was designed that considered the human factors associated with acquisition integration. The survey was sent to employees of the Zeta company that were involved in one of three acquisitions and one proposed acquisition. The survey focused on the employees' perception of the success of the acquisition with focus on the areas of integration, management, customer service and other key factors that affected the perceived integration success. The responses indicated how employees involved with the acquisition felt regarding management handling of the acquisition, quality of the integration process, handling of customers and the resulting company perception after the acquisition. The results from the survey indicate which areas the Zeta company fared well, and also indicate opportunities for areas in which the Zeta company could address some of the perceptions to improve the integration success of future acquisitions.

ACQUISITION DEFINED

The Oxford Dictionary defines "acquire" as "come to possess." "Merge" is defined as "combine or be combined into a whole." Although mergers and acquisitions are freely interchanged as terminology when referring to companies who combine with each other, there is a distinct difference. An acquisition is the taking over of one company by another, wholly or partially, depending on the type of acquisition. Acquisitions can be friendly or amicable or not. A merger, on the other hand is sometimes described as the marriage of equals. In practice, that rarely ends up being the case. Mergers typically do not add up as the sum of two companies (Seo & Hill, 2005).

One of the more popular forms of acquisition is called asset acquisition. It refers to an acquisition where, instead of directly merging or exchanging shares, the acquiring company simply takes over the operating business' assets from a public shell (Cartwright & Cooper, 1992).

Regardless of the business process followed, human factors show similar challenges during a merger or acquisition. While it is true that from a business perspective, completely different processes are followed, the human aspects of the acquired and acquiring employees are very comparable (Hubbard & Purcell, 2001). For this study, the term acquisition is used for evaluation, but it can be implicitly inferred that the human factor aspects will be similar for mergers.

WHY MERGE OR ACQUIRE?

Companies merge with or acquire other companies to grow. There is a common belief that acquisitions or mergers provide a quicker path to achieve this growth and future objectives of the company (Datta, 1991). For a business this growth ultimately aims to increase income and revenue or market share. Companies have various options for growth: organic, development, expansion – all consuming energy and manpower. Companies can also grow by acquiring other companies, providing opportunities for a company to get access to new markets, customers or products (Duksaitė & Tamošiūnienė, 2009). The decision to grow organically or inorganically can be daunting – around half of mergers or acquisitions are rated failures or unsatisfactory completed (Cartwright & Cooper, 1992). The success or failure of an acquisition can of course be dependent on one's perspective of what success means. This topic of success is investigated in the literature overview in Chapter 2 and later in the targeted survey of Zeta employees who were part of an acquisition integration process.

Acquisitions can be especially challenging for smaller companies. There are usually not enough personnel available that are able to devote their time exclusively to business aspects such as acquisitions and alliances. For organizations where the availability of acquisition or integration teams is not an option due to this restriction, the availability of a framework to provide guidance or to assist in the process of acquisition or integration can be helpful. Such assistance could improve the success potential of an acquisition. For smaller private or closely-held organizations, this guidance is even more important as personal circumstances of owners and other key personnel play a role in day-to-day activities. These personal circumstances could include family, illness or other personal circumstances that would take key personnel out of commission for short or extended periods. The Zeta company described later is a company that faced issues as a growing company with key personnel dependency and the personal circumstances such as sickness or other issues, which created challenges to the day to day business.

Traditionally, the area of mergers and acquisitions was considered to be exclusive to economic and financial specialty occupations. Financial, economic and strategic aspects of mergers and acquisitions have been well studied and there is significant information available on these topics, ranging from scholarly articles to self-help books. Compared to the areas of financial information and other due diligence processes in the acquisition process, the issues relating to the human aspects of acquisitions typically receive less attention. This perhaps more abstract area of getting the integration done is affected most by human factors. It is not necessarily glamorous and receives relatively little attention in the literature, compared to financial and pre-deal due diligence aspects (Hubbard & Purcell, 2001). The post acquisition integration is the part that ultimately makes the acquisition succeed or fail (Saint-Onge & Chatzkel, 2009).

ACQUISITION AS BUSINESS PHENOMENON

An everyday occurrence

Acquisition growth

Several authors describe massive growth in acquisitions of the last few decades after a steady decline. U.S. based acquisition announcements fell from 6100 to 2900 between 1969 and 1974. In 1980 there were fewer than 1900 of these announcements (Jensen, 1982). Other authors show similar trends of decline and later rebound. U.S. mergers and acquisitions more recently ranged from just over 4500 in 1997 to just over 2900 in 2007, decreasing from the peaks observed in 1996 and 1997, but still showing an increasing trend (Gaughan, 2007).

Acquisition failures

Acquisitions fail. This thesis looks at the human factors associated with these failures. Most of the literature presents an acquisition failure rate of around 50%. A major contributor to failure of acquisitions can be traced back to human factor (Cartwright & Cooper, 1992).

Acquisition process

Acquisitions can be divided into four phases. In each of these phases, different human dynamics play a role (Marks, 2007). The four phases are as follows:

a) Seeking an acquisition (strategic planning phase)

b) Formal communication of intentions

c) Implementation

d) Stabilization (post acquisition process)

Each of these stages creates unique challenges and opportunities when dealing with the human factor of acquisitions. This thesis looks at the factors that influence the success of acquisitions during the integration, which starts in the implementation phase and stretches into the stabilization phase. The effects of the integration can be felt long after it is considered "completed" by most people in the company.

A PLAYBOOK FOR INTEGRATION

Because of the nature of acquisitions and all the human and business aspects that come together, there are times where the acquisition can lose value to the buyer due to an integration that was not executed optimally. On a human level this loss of value can be because of being inadequately prepared, taking an approach that is poorly thought out, or simply lacking the skills or ability to execute integration effectively. On a company level, limitations in the approach to the acquisition or ill-preparedness can lead to failure. This failure can be as a result of not possessing the skills to execute acquisitions effectively, having a one-sided focus on the financial aspects and synergies, or simply conducting poor due diligence (Saint-Onge & Chatzkel, 2009).

In many instances, the integration planning only starts when the acquisition deal is signed. A plan is crucial. In this thesis there are references to an integration playbook. An integration playbook differs from an integration plan, in the sense that it is a place where the lessons learned over time can be added. The playbook serves as a repository to store these lessons. While a number of guidelines in the literature can be used, the concept of a standardized integration does not exist. The playbook ultimately contains guiding principles, roles, responsibilities, accountability aspects, and a roadmap and timeline for integration.

ZETA COMPANY BACKGROUND[1]

The study uses some examples that are applicable for use by the Zeta company. The study also uses some of the Zeta company employees to conduct a targeted survey of employee perceptions about the purpose of the acquisition, managerial aspects, company perception, customer aspects, and how the post acquisition company actually performed.

The Zeta company is a privately held technology firm which main business is the sale of information to clients through a web portal or for use in specialized software. The company supplies customers with “readers” which report back to a central data repository. The readers are acquired or manufactured in house. The company also provides value added services to customers for data management and for data presentation and delivery through an Internet portal.

The Zeta company acquired several companies over its life time. For the purposes of this study, the focus is on the acquisition of the Alpha, Beta and Gamma companies. The Zeta company also considered an acquisition of the Delta company, and this company will be briefly considered in the survey results.

The Alpha company consisted of a collection of data analysis software with little shared focus and mutual markets at the time. The Zeta company acquired Alpha and

[1] The name and details of the company and acquisition targets as well as any other identifying information are removed. No identification with individuals or organizations is intended.

restructured it almost immediately. There were minor personnel changes and the two companies continued to exist with their identities fairly intact for a substantial period.

At about the same time, Zeta acquired the Beta company. Beta produced competitor readers and a competitive portal solution. Beta also provided other solutions related to the core Zeta business. The acquisition resulted in no personnel changes but required major human and operations integration. The Beta identity was completely absorbed into the Zeta company.

The Gamma company similarly provided competitive readers in a related but different market. The Gamma portal solution was much less sophisticated than that provided by Zeta, and the readers had some technical challenges. After the acquisition of Gamma, Zeta kept the Gamma identity intact for a short period. After this time the Gamma operations were fully absorbed into Zeta, and the core portal and reader businesses were retired, with existing customers receiving support only up to the end of life of the products.

Zeta considered the acquisition of Delta with the assumption that the acquisition would bring with it a new generation of readers. The reader technology turned out to be inferior and unproven, and the acquisition would have created an unsustainable workload on Zeta in order to effectively manage it. The plan was to absorb the readers to replace some of Zeta's own, but because Delta had a vastly inferior internet portal solution and obsolete reader hardware, the acquisition negotiations were halted.

IMPORTANCE TO BUSINESS PRACTICE AND THEORY

CONTRIBUTION TO RESEARCH

This study contributes to research in the areas of information found in the literature and practical areas.

In the field of literature reviews, many authors have investigated frameworks, best practices and the implications for companies. This study validates some of those. The consolidation of some of the literature shows that there are common themes, but there are also different approaches to the question of acquisition integration. The study can provide insight to managers when they deal with future acquisition integrations.

The survey is a limited targeted case study that focused on analytical value, rather than statistical value. The results are focused on and limited to the context of the Zeta company acquisition efforts and the acquired Alpha, Beta, Gamma and proposed Delta acquisitions. The results can contribute to the field of wider industry and literature analysis of how humans experience acquisitions and how this experience can be tapped to learn from successes and failures.

RESEARCH OPPORTUNITIES

There is a significant amount of data that can be mined from the process of mergers and acquisitions. The Zeta company has specific processes for performing acquisitions. This process can be further studied to dig much deeper, and to provide additional information about how Zeta or other companies may better address the challenges associated with acquisitions. Additional studies in this field can evaluate the value of a customer satisfaction index and other metrics, in finding a correlation between all the business aspects related to company growth through successful acquisitions. This topic is and remains a fascinating field of study with much potential.

Chapter 2: Literature Review

OVERVIEW

This chapter looks at the growth of acquisitions in the U.S. and some other areas over time. Each of these acquisitions would have needed integration to take place. In Chapter 1, the failure rate of acquisitions was shown to be 50%, with the major failure reason being human factors. The cost of the failures can be astronomical.

The chapter further looks at the specific human factor aspects that affect the acquisition success. The chapter looks at specific cases in the literature where human factors played a role in an acquisition failure. The chapter concludes with information about good human factor practices during acquisition integration. Chapter 3 closely follows the theme of this chapter, presenting frameworks in the literature and how those frameworks all work together to provide information for a playbook for integration.

GROWTH IN MERGERS AND ACQUISITIONS

Growth increase

Mergers and Acquisition numbers have increased substantially since 1980. Various authors observe this growth in the number of transactions. Jensen (Jensen, 1982) reports massive growth in acquisitions up to 1998. The author observes several waves of acquisitions over the period 1980 to 1998. Some others observed six series of merger and acquisition waves: 1887-1907; 1919-193l; 1955-1975; 1980-1989; 1992-2002, and 2003-2007 (Burksaitiene, 2010). Some studies were conducted where authors consolidated merger and acquisition numbers for various periods, most notably up to 2007 (Burksaitiene, 2010; Gaughan, 2007). Citing the trend up to 1998, Gaughan points out that the number of mergers and acquisitions in the U.S. has decreased since then. This reduced rate has slowly started to trend upward up to 2007. The historic trends can be observed in Figure 1, below. Lately, the number of acquisitions necessitated by economic consideration have trended sharply upward (Spector, 2009). Considering only the quantity of deals would not tell the true story of how mergers and acquisitions affect people. Estimates vary, but appear to indicate that around 25% of the U.S. workforce was impacted or exposed to a merger or acquisition of some kind during their working life (Cartwright & Cooper, 1992). The Great Recession that started in the latter half of 2007 did appear to have a dampening effect on mergers and acquisition activity, especially in 2008. This effect is not entirely global and appears to have affected developed nations worse than developing countries. The cross-border merger and acquisition growth rate in developing nations was 15.7% between 2007 and 2008 while in developed nations it contracted by 27.7% during the same period. The United States' own cross-border acquisition rate decreased by 17% (Burksaitiene, 2010).

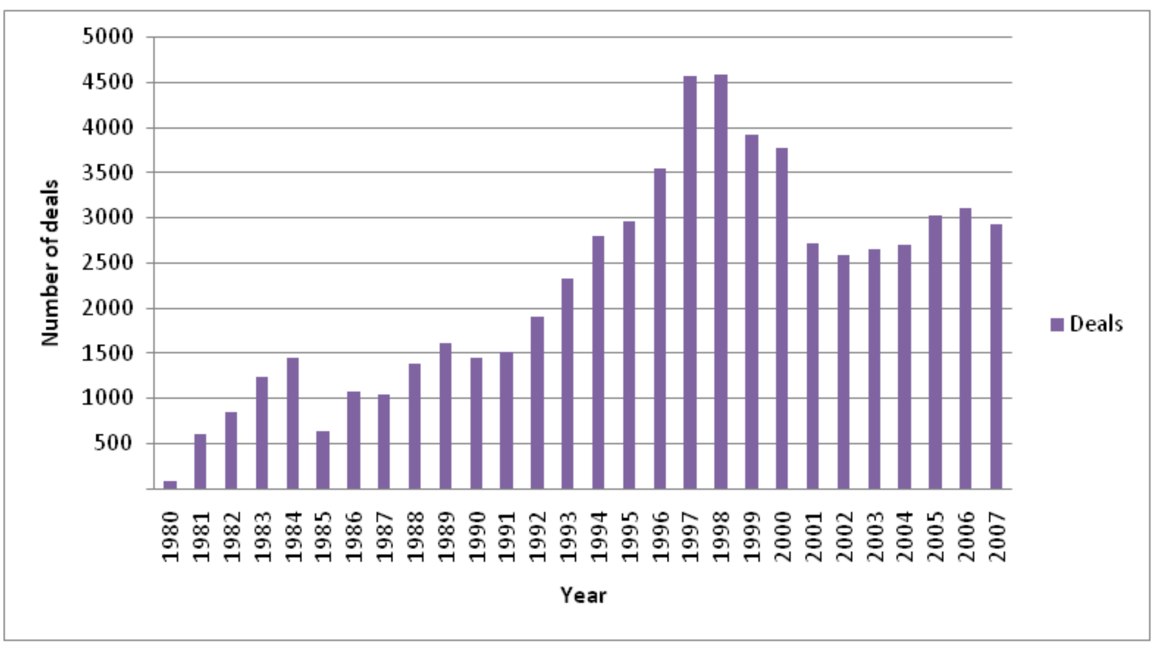

Figure 1: U.S. merger and acquisition deals 1980 to 2007. (Gaughan, 2007)

Failures increase

Alongside the growth in numbers of mergers and acquisitions, the number of failures of these transactions equally increased. Traditional references for acquisitions used to be through intermediaries, which included commercial bankers, accounting firms and independent brokers. In small or medium companies, this is not a preferred method of reference. Since the 1970s, which were characterized by divestitures, the number of failed and ill-conceived mergers grew to a tremendous number (Jensen, 1982). The banking industry had a large increase in the number of mergers in the 1990s, partly due to deregulation (Rodriguez, 2008). On a human level, the authors show that the effects of acquisitions resulted in a marked increase in stress, anxiety, and others, all resulting in lower productivity. These are universal human psychological indicators.

The literature indicates that half of mergers failed, mostly because the reasons of the merger or acquisition were not made clear through appropriate communication to employees. This lack of communication resulted in integration failures and failures of task and human integration. Authors appear to converge on a failure rate of around 50 per cent (Cartwright & Cooper, 1992; Hubbard & Purcell, 2001; Rodriguez, 2008).

Personal factors in the acquisition transaction

For businesses similar to the Zeta company, acquisitions can be especially hard and often unpredictable. When other small companies, such as the Beta company become for sale voluntarily or by being pursued, the personal circumstances of the existing owner can often play a role. Personal circumstances of the acquiring company can also play a role if the company is close-held or private, or even controlled by family interests. Factors such as health, marital, heir, financial or any other personal reason could play a role in decisions related to and direction of the company. This logic goes equally for key individuals in a small company, where the company is heavily reliant on the individual and their personal circumstances may affect the company disproportionally. For smaller acquired businesses, there is often a conflict between the sense of responsibility toward employees and management and handing them over to the new owners. This conflict could lead to unwise business decisions, based on personal reasons. Smaller organizations also have a substantial mourning process during business transitions. They are often more entrenched in their way of doing business than bigger conglomerates. All these contribute to the special considerations that may need to be considered when dealing with smaller private firms during an acquisition, and the additional effort that may be required during the acquisition integration (Mirvis & Marks, 1992).

MERGER AND ACQUISITION RESEARCH FOCUS

Most research in the merger and acquisition field focuses on acquisition results and evaluation. For human factor issues, less guidance is available on the creation of clear objectives for use with the acquisition process (Jensen 1982). Most research is focused on strategic management; capital markets, economic performance, organization processes and some include human resources. More recent research and literature appear to acknowledge that the failure of an acquisition will be the result of an integration failure, which is most dependent on human integration and task integration (Birkinshaw, Bresman, & Håkanson, 2000; Saint-Onge & Chatzkel, 2009). This thesis aims to provide some consolidated information available to assist with the focus on the human factor.

Acquisition principles

Several principles for acquisition integration are found. Key principles are that the acquisition target should make sense in the business strategy of the acquiring company; that there will need to be clearly defined leadership in the new combined entity; a sense of commitment and ownership need to be nurtured; speed is essential; the appropriate attitude and mindset need to be present; and derailing factors need to be borne in mind (Saint-Onge & Chatzkel, 2009).

The guiding principles are that the top priority has to be customer needs (without a customer there is no business). Additionally, long-term relationships need to be developed, the process and progress need to be clearly communicated, and the acquisition integration has to be completed in the planned time frame.

Acquisition failures

Risk

The inherent risk in acquisitions can take various forms. Each of these has a contribution to potential failure of an acquisition. Not addressing these risk factors is a source of friction (Huang & Chuang, 2007). The risks are: execution risk, technology integration, rapid integration, uninterrupted service, maximize operations, information risk, combine management, cultural issues, diversification, and reduced cost. Of these risks, management, cultural issues, and diversification are the main topics related to human factors.

Reasons for failure

In the literature, a number of reasons or suspected reasons for failures are presented. These reasons below include only the factors that relate most closely with human factors.

- A major reason for failure is the *lack of clear objectives*. In small and medium organizations, seeking acquisitions is difficult. Clear goals are essential (Jensen, 1982).
- *Realizing that customer concerns should be first*. Unhappy customers typically leave during a transition inconvenient to them. They often evaluate the pending change as an opportunity to manage the change themselves and finding alternate sources of their product or service. Companies should understand the depth, breadth, sustainability and profitability associated with their customer capital (Saint-Onge & Chatzkel, 2009).
- *Underestimating the effort*. The acquiring management is often so sure and confident of a quick and easy acquisition. This is often underestimated, and the ease of the acquisition process is not as straightforward (Cartwright & Cooper, 1992).
- *Counter to human adaption process*. Transitions are often used by organizations to enhance and accelerate strategic goals. The process to execute these organizational transitions during acquisitions more than often runs counter to conventional change management theory, research and the natural human adaptation process (Marks, 2007).
- *Not understanding or appreciating cultural differences*. Differences in culture are often indicated as a source of failure and are often problematic for successful

mergers and acquisitions (Cartwright & Cooper, 1992). Corporate as well as national culture plays a role here (Weber, Shenkar, & Raveh, 1996).

- *Lack of strong cultural integration plan*. Acquisitions are mostly embarked or executed by financial people in an attempt to add to the bottom line. As a consequence, the human side of the acquisition is often overlooked (Knilans, 2009). A successful acquisition is usually the result only if the two companies' culture merge successfully (Cartwright & Cooper, 1992).
- *Lack of fit* (lack of full acquiring or merging on a people level). A number of times economic issues are blamed for the failure, but the real reason is more often than not a lack of fit (Allred, Boal, & Holstein, 2005; Mirvis & Marks, 1992). The authors explain fit by exploring equivalence and similarity to family dynamics when stepfamilies merge, and that the ultimate success of an acquisition depends on non-economical factors.
- Acquisitions fail because companies *understand the business side of acquisitions much better than the human side of acquisitions* (Iacovini, 1993). The low success rate is a result of the initial and continued focus on financial and legal issues, instead of the human factor (Fischer, Greitemeyer, Omay, & Frey, 2007). There may be a singular focus on financial synergies, and even so, poor due diligence could add to the challenge (Saint-Onge & Chatzkel, 2009).
- *Not all employees play a positive role and part* in the acquisition process. Some may even be subversive. One of the major reasons people do not participate on their own is that the acquisition is seen almost always as a managerial action. Most communication happens on a managerial level. During the acquisition process, most of the research is done from a managerial perspective, while leaving

out views that would be taking the views of other employees into account (Risberg, 2001).

- *Motivation and skills issues*, such as de-motivation of key people and positions in the acquired company, unexpected departure of key personnel, and underestimating problems of skills transfer (Cartwright & Cooper, 1992).
- *Neglecting existing business* because of energy spent on the acquiring company, and spending too much energy on doing the deal, and not enough on post acquisition planning and integration. Post acquisition attention to and management of human factors play a significant part in the failure rates observed. Major contribution to the 50% failure rate include quality of communication, believability of information, trust in management action, credibility of leadership, fairness in action, consistent actions and communication and logic of management action or behavior (Hubbard & Purcell, 2001).
- *Decision making delayed* by post acquisition conflict and unclear responsibilities (Cartwright & Cooper, 1992).
- *The very nature of an acquisition* affects its success. The secretive negotiations, especially where small and medium organizations are concerned will have effects on the business, and the business is much more at the mercy of ownership than big conglomerates that can survive without personal influences from top executives. (Cartwright & Cooper, 1992; Nikandrou, Papalexandris, & Bourantas, 2000).
- The acquisition is *people-insensitive*. Very little attention is paid to the underlying personnel issues while the corporate goals of financial performance; particulars and return on investment are pursued (Mirvis & Marks, 1992; Rodriguez, 2008).

The low success rate of acquisitions results primarily from focus on financial and legal issues, instead of the human factor (Fischer et al., 2007).

- Acquisitions result in *unplanned personnel losses*. Various psychological effects occur during the acquisition. These effects include stress, anxiety, losing interest, to name but a few. All these would of course have a profound effect on personnel and could directly lead to personnel losses (Hensey, 2000; Knilans, 2009; Lazarus, 2000; Rodriguez, 2008).
- Finally, acquisitions fail because of *company and people limitations*. The company may be inadequately prepared, may not have the ability to integrate effectively, and my be stymied by the lack of skill, will or approach (Saint-Onge & Chatzkel, 2009).

MAJOR HUMAN FACTOR CATEGORIES

From the reasons for failure, major human factor aspects that will affect acquisitions can be identified. There are some key levers to influence the success for acquisition. These are: integration teams from both companies that communicate and build relationships, using a sense of urgency to accompany acquisition, getting management buy-in, consistent communication to all stakeholders, retention of valuable employees. Of the reasons of failure, culture is the most important factor after the acquisition "business" results (Knilans, 2009). Next is a deeper look at culture and fit, integration, communication, expectations, and trust.

Culture and Fit

Culture is the set of taken for granted expectations and assumptions by an organization. Culture focuses on the shared cognition and approaches that differentiates groups inside and outside organizations. Corporate culture is defined as the shared beliefs and values by organization. Corporate culture involves practices and national culture involves values created through early socialization. National culture is the collective belief and mindset of a specific national or cultural group. Persons with same cultural practices share different values, and vice versa. In the U.S. these cultures are largely merged and there is a general limited awareness of national culture and the variance thereof. This creates challenges when dealing with cross border acquisitions, primarily because of the limited exposure to national culture integration (Weber et al., 1996).

Every organization tells a story through its culture. The culture of an organization is also characterized by the stories employees tell about the organization. Employees of a new combined company will evaluate the culture of the new combined entity to determine fit with the organization. As part of an acquisition process, the due diligence team needs to include a number of culture stories in the decision to proceed with the acquisition or merger (Knilans, 2009). Two main categories for corporate culture are identified. Pluralist corporate culture is a celebration of diversity, whereas Universalist corporate culture puts the organization before individual cultural differences. Sometimes these corporate cultures align with national cultures. The type of culture of an organization plays a role during the acquisition process (Stahl & Mendenhall, 2005).

Cultural distance in acquisitions is defined as the sum of factors creating a need for knowledge while at the same time preventing knowledge flow (Weber et al., 1996). Cultural distance is affected by the main components of culture: gender issues, individualism, uncertainty avoidance, individual cultural traits, national cultural trust levels, culture clashes (especially with key personnel), and attitudes towards cooperation (Cartwright & Cooper, 1992; Knilans, 2009; Weber et al., 1996).

To optimize fit for culture during an acquisition process, organizations can plan and prepare employees. Since the acquisition is intended to maximize synergies, energy has to be spent on the cultural integration, specifically in the post-integration phase (Mirvis & Marks, 1992).

Cultural integration issues strongly resemble those of stepfamilies. The stepfamily model provides analogies that are useful when dealing with culture and integration. Issues such as biological discrimination, absence of clear rules and guidelines are present in both and often lead to organizational relationship trouble. The family predictability theory can be used to predict success of merger by looking at the similarity between the companies, looking at problem children, and commitment issues (Allred et al., 2005). Similar to family issues, cultural and social status determine psychological behaviors as response to the acquisition or merger (Fischer et al., 2007).

It usually takes around 3 to 5 years for the cultures to be integrated completely, but it must be managed proactively. Left to its own, the culture will deteriorate very quickly. Employees are human and prone to irrational behavior. It is even more important to commit to a successful acquisition and in doing so enhance the welfare of the employees. Flexibility, proper planning, listening and continued evaluation will achieve the best results (Knilans, 2009).

Integration

Integration is defined as the process whereby the company doing the acquisition and the company that is being acquired are integrated at all levels (Knilans, 2009). The author further describes the detail of integration as it relates to combining people from different background and culture into one corporate culture. Although the new culture may mimic one of the two pre-acquisition cultures, one of the two cultures is likely to dominate the combined company once the acquisition is complete. Integration also refers to the integration of systems and processes, specifically human resource policies and other processes that affect human policies. Proper integration is a critical link in the value creation during an acquisition (Stahl & Mendenhall, 2005). In the book "Beyond the Deal" (Saint-Onge & Chatzkel, 2009), the authors state that the success of the integration of an acquisition largely determines whether an acquisition fails or succeeds. The authors contend that a company needs to seize the opportunity to make a quantum leap and implement changes. A company should avoid simply mutating or morphing into a larger or more bloated version of itself.

The lack of a strong cultural integration plan can be a major reason for failures of acquisitions (Knilans, 2009). To ensure continued success after the integration is complete, the author states that the cultures of the two companies involved in the integration need to be combined in order to create a new culture within the new company. This new culture should be a culture of collaboration and high performance. Similarities in the new organization need to be found, used and formalized to optimize synergies. Integration often fails because the acquisition process is started before employees are fully aware of how the process will be completed. This is one of the major reasons for unplanned departures from the new post acquisition organization. People don't feel right about the direction the organization is taking and unplanned departures are often reported. Acquisition is most damaging to knowledge workers who lose status, influence and relative stature. These are the workers that usually were the center of attention (Paruchuri, Nerkar, & Hambrick, 2006).

Three components are identified for successful acquisition integration. These include processes, tools, and metrics (Knilans, 2009):

a) Integration processes using *integration teams* ensure employees are connected to the process. Integration teams should consist of representation of key HR, employees and management. These teams make decisions that include a plan to integrate the employees, review HR procedures, remuneration, and compensation integration. Leadership assignments and task duplication will also fall under this responsibility.
b) *Integration tools* are utilized to ensure that key leaders and employees are effectively integrated into the new organization. These tools include mentoring, training, and providing opportunities for social interaction.
c) *Integration measurements* can be used if there is a proper process with clear measurable deliverables that fail or succeed.

Some conditions in an acquired organization will lead to a disruption of innovation and a performance decrease. By not completely integrating the acquired company, the integration of knowledge has little chance of success. Innovation is reduced and productivity is decreased, especially if there is little common ground between the company that is being acquired and the company doing the acquisition. Synergies from the acquisition can only be effectively realized if the companies work towards a common purpose. With knowledge workers and innovation challenged during acquisition, this may not happen (Paruchuri et al., 2006).

Acquisitions provide companies with an opportunity to take a quantum leap forward. For this leap to occur, the company needs to implement the acquisition in such as way that the company does not end up merely a larger, slower and more bloated version of itself prior to the acquisition. The integration is the hardest part of the acquisition. A customer-centric organization will have to ensure that structures are put in place to learn from the new acquired organization. Additionally the acquiring company will have to ensure that the acquisition is mutually beneficial to both acquiring and acquired company, each learning from the experiences of the other (Saint-Onge & Chatzkel, 2009).

Communication

Communication prior to and during integration

During the integration planning for acquisition, vision and communication is required. Vision is the end result of the acquisition, and is determined by the makeup of the combination of the two companies. Adequate vision and following it proactively with a plan ensures predictability and limits reaction to challenges after the fact. Communication refers to the interaction with stakeholders. In the context of the human factor, this specifically refers to the communication with those people actively involved in the acquisition. Consistency is very important and key for the message to managers, employees, associates and others to prevent issues such as fear, stress, confusion and lack of trust (Knilans, 2009).

Not everybody supports the acquisition. Managers often think they represent the entire company in the acquisition process. As far as human factors go, this thinking is not always the case as managers and employees have different experiences. Information required for proper communication to employees differs from the needs for managerial communication. Using clear and detailed communication during the entire process is important (Risberg, 2001).

Communication during stabilization

Communication plays a role during the stabilization phase of integration by the transfer of tacit knowledge. The transfer of tacit knowledge is a challenge in normal organizations, and gets even more challenging during an acquisition. Firms often choose an acquisition for the additional value it would create. During an acquisition, it is essential to set up a process of knowledge transfer through communication (Kohlbacher & Krahe, 2007).

During the acquisition communication process, three deliberate communication approaches need to be in place. First, it is essential to raise the profile of the change through communication. Employees' psychological processes, such as denial, shock, stress, morale and productivity can be mitigated by proper and timely communication. Second, good communication will facilitate the acceptance of the acquisition, and provide fewer hurdles for the conclusion of smoother acquisition integration. Good communication leads to faster acceptance within the new organization. Finally, as employees adapt, continued communication facilitates employees adopting a more positive stance and being more energetic about the change, replacing their doubts and negativity (Knilans, 2009).

Expectations

A central part of dealing with human factor issues during acquisition is the management of expectations. Failure to address the human factors during the post acquisition phase is a major contributor to acquisition failures. The biggest human factor challenge is uncertainty. Employees continue to have evolving expectations during the acquisition process. Often, the psychological contract between employee and employers is reneged. When forced to transfer (beyond the control of the employee), employee expectations are expected to be complex. Most concerns are centered around their job retention, new expectations, how their colleagues will be affected, how they will fit into the new organization, the culture of the new organization, its style, career prospect and the expected power profile (Hubbard & Purcell, 2001). A reduction in social stature within the new organization appears to be particularly of concern. A reduction in the expected social stature has an immediate negative effect on productivity (Paruchuri et al., 2006).

Trust

Trust is in important factor during acquisition and affects the success of the acquisition during and after the acquisition integration process. Poor decisions after the integration also affect trust (Cartwright & Cooper, 1992). Reduction in trust is one of the major results of an acquisition failure (Nikandrou et al., 2000)

Acquisitions may have several negative effects on employee behavior due to change that the acquisition brings. These are visible through low morale, absenteeism, proactive practices and job satisfaction. An effective communication program can be used to restore employee trust after an acquisition. Several studies found a direct relationship between trust and the employee behaviors observed. Integration speed determines post acquisition strategy – the primary goal is to minimize economic uncertainty. Even as organizations make great efforts at increasing trust, most studies show that as time passes after the acquisition, trustworthiness of the new company slowly decreases as people settle into the new dispensation, and the disruption of the acquisition fades. This is true even for cases where the trust level at the time of the acquisition was relatively high (Nikandrou et al., 2000).

CASE ANALYSIS

In this section the focus is on specific cases found in the literature and how the actions and factors of human behavior influenced the outcomes. The cases mostly identify where companies go wrong in making decisions and plans during the acquisition process. These cases serve as examples, perhaps extreme, of what not to do during an acquisition. For the purpose of this discussion, the identities of the companies involved will be forgone. This section concludes with an example for acquisition veteran, Cisco.

"Black Monday Abattoir"

The authors in this case study describe an acquisition that was initially aimed to increase cost control, but ultimately resulted in a *collapse of trust*. The acquiring company presented a business as usual message to the acquired employees initially. Within a very short period, the company embarked on cost cutting measures through managerial reduction. This cost cutting measure was initially announced to employees, after which all communications about the subject ceased. Referring to the time of the implementation, employees used words like “Black Monday” and “Abattoir” to describe what they observed. Management did not prepare or alert HR until 5 minutes before starting the layoffs, which left little preparation for the counseling that would be required. Employees were pulled out of their layoff sessions after mistakenly starting the process. Employees were sent to different office locations to see if they could be helped elsewhere without those office locations being informed. Laid-off employees’ paperwork was often incorrect and error-prone. After the process, which management felt would be best done swiftly and smoothly, almost all employees remained in shock, several more managers voluntary departed, while those staying behind had severe issues with survivor guilt. The collapse of trust occurred as a result of the cessation of communication (Hubbard & Purcell, 2001).

“Stepford Wives and Hell’s Angels”

During an acquisition of one company by a rival company, the original estimate was that the merging of the two companies would be straightforward. However, due to a complete *difference in culture*, the integration process proved extremely challenging. One company culture was spontaneous and adventurous, while the other culture was cautious and reserved. Employees referred to the reserved culture as Stepford Wives, and the spontaneous culture as Hell’s Angels. The human merger side was considered to be a marriage between incompatibles. Operations were initially separate, but were integrated under a manager of the new company. The culture differences were severe, and ranged from remuneration policies, long-term career aspirations and the way innovation and design was supported and encouraged. Due to not addressing the culture incompatibility, many managers left at the same time as the acquisition and affected operations severely (Mirvis & Marks, 1992).

"Tribal trouble"

In a cross-border acquisition, assurances were given by the acquiring company that the culture of the two companies would remain unaffected. Despite this assurance, when business became fully operational, the *national cultural differences* were such a distraction and detriment that the company risked complete business failure. The phrase "Joining a tribe but you did not have the right markings" was often used to describe the acquisition. Initially, integration efforts were hampered by territorial attitudes and a lack of cohesion across cultures. Ultimate success was based on very hard integration efforts, which, had it been planned prior to the acquisition, would have saved the company significant pain and costs (Hubbard & Purcell, 2001).

Cisco

Several authors reviewed the relative success stories of Cisco as an acquisition veteran. Cisco is considered to be one of the success stories, specifically because it takes human factors into account during acquisitions, and did so in the majority of the around 125 companies it acquired in the last 15 to 20 years. Cisco *identified culture as a key factor* to be part of the due diligence process. A prime example of their success story is the acquisition of Linksys in 2005. The two organizations had completely different cultures, different development and vendor relations, and differences in the way Human Resources and support systems were operated. Cisco initially took a selective integration approach by immediate combination of the operations, allowing Linksys to continue its perceived agility and letting Cisco corporate address standard integration. Cisco directly involved employees throughout the process, which ultimately built cultural and trust bridges. Initial HR integration was selective to preserve culture and consistency in employee benefits, but ultimately was not beneficial. When the separate operation did not provide the desired benefits, productivity and business results, the acquired company was integrated more tightly, resulting in some productivity and business improvement (Cisco, 2008; Knilans, 2009).

GOOD PRACTICES

Some authors provide useful practices and suggestions based on their own suggestions and studies. The findings are summarized here. These good practices, added with the frameworks in the literature in Chapter 3, provide useful source material for a playbook of integration.

The first practices set recommends the previewing of organizational fit to determine the potential list of synergies. This process optimizes potential acquisition fit and consists of the following: (Mirvis & Marks, 1992)

a) Define key synergies that are crucial to success by using modeling and first-pass analyses.
b) Manage the acquisition team by using forums between the groups, picking responsible parties with authority, considering factors affecting the quality of the acquisition, involving HR from both sides from the beginning, limiting surprise resignations, and liaising with real, honest and direct data.

c) Manage cultural differences by addressing stereotypes, and assessing the risk of turnover, assignment refusal, transition costs, downtime, performance reduction, customer attrition, synergy and capacity loss, and morale issues.
d) Addressing strategy in addition to culture by using time as an asset (Cartwright & Cooper, 1992)(Mirvis & Marks, 1992).
a) Strive for workable integration by managing the post acquisition or stabilization phase properly.

In his analysis, Hensey provides another perspective (Hensey, 2000). He uses the example of a consulting engineering firm with clients who made acquisitions or who were acquired. A relatively high level of dissatisfaction of 50% was observed with some clients regretting the decision to acquire. Smaller firms were more successful by doing the "right" things "right" at the "right" time. The author presents eight lessons learned from the field (Hensey, 2000).

a) Friendships or working relationships between key people at two smaller firms often lead to acquisitions transactions, while at the same time resulting in decisions made as a result of this same relationships and emotion, and not because of business acumen. Contrary to this performance, Jensen reports most references in the 1960-1980 era was through financial corporations such as bankers and brokers with moderate success. Success rate goes down significantly when smaller private companies are involved (Jensen, 1982).
b) Even though systems, personnel, processes and services may appear familiar, they more than likely are not. This often results in an underestimation of how well a troubled acquisition target will perform and how difficult and how high the cost of a restructuring or transformation will be.

c) Resentment of strong leadership from either party is often present, and resentment lasts longer if relationships are not built early on.
d) Acquisition consultants often give the impression that the involved companies are similar in many ways, and ultimately more often than not, it does not end up being the case.
e) Multi-group silo effects in management and projects continue to flourish after the acquisition is complete. Adding the new acquisition under the same parent adds predictable conflict.
f) The perceived synergies and familiar processes often disappear. Job elimination may aid the process of integration, but true integration takes extensive time.
g) The Warren Buffet-Berkshire Hathaway approach to acquisitions provides ample practicality and direction: Businesses that are great when bought will continue to do so. Goals and incentives should be created for their leaders to enable financial and general business success. Resources, people, knowledge, ideas, leaders and clients should be mutually utilized with a goal to maintain autonomy. Minimize overhead costs and drain to ensure maximum investor value.
h) There are several key organization growth and development strategies to consider during an acquisition, and these items should not be ignored. These business strategies include increasing sales, increasing customer base, introduce new services, improve delivery, expand geographically, and change organization behaviors.

In his study, Hensey advises the careful scrutiny of culture during the integration process. Several key steps are important. These include the identification of key personnel to lead and stay after the acquisition, clearly establishing leadership roles, familiarization of new systems, creating due diligence items specifically for human factor. Finally, the author emphasizes the minimization of surprise elements; specifically insofar the human factor is concerned. Full time management of the process, including the stabilization process is essential (Hensey, 2000).

Chapter 3: Current Frameworks and Metrics

OVERVIEW & INTRODUCTION

The focus of this chapter is to use the framework information found in the literature, to provide a consolidated list of items that should be part of the integration playbook. As referred to before, a future playbook for the Zeta company does not simply include a list of to do items, but aims to include the lessons learned from past experiences. The chapter further focuses on integration frameworks contained in the literature and how they are applied to enable successful integration by paying attention to human factors. Like before, the aim is to learn from the experiences of others to develop a guide for post acquisition integration for the Zeta company. The chapter concludes with the design of a questionnaire, the results of which can be used to include in an integration playbook. The next chapter focuses on some results from this questionnaire.

As shown in Chapter 2, one of the most important features of the integration framework is that it should overcome risk. The potential risks and challenges faced in post acquisition integration include: execution risk, information risk, management combination, cultural issues, diversification, technology integration, rapid integration, maximize operations, uninterrupted service, and reduced cost (Huang & Chuang, 2007). However, one of the biggest risks is to become so obsessed with processes during the integration that other business areas suffer. This problem is prevented by making sure the processes are already in place by the time the deal is sealed (Saint-Onge & Chatzkel, 2009), essentially therefore having the playbook ready by the time it is needed.

FRAMEWORKS IN THE LITERATURE

Schools of thought

On the subject of integration frameworks, four schools of thought exist (Birkinshaw et al., 2000). While all approaches are typically present, one of approaches usually dominates. The first approach is the capital markets approach. This approach focuses on the impact of the post acquisition integration on the wealth creation of society as a whole. Second, the strategic management approach is followed with the aim of looking at wealth creation, but looking at a corporate or company level. The third, organizational behavior approach, focuses on the effect of the integration at human behavior levels, while at the same time focusing on the effect at organizational level. The fourth method focuses on the processes used and closely relates to strategic approaches sometimes taken during integrations. One of the risks to avoid is focusing too much on the processes, to the detriment of the acquisition itself (Saint-Onge & Chatzkel, 2009). The approach emphasized in this thesis, which focuses on the human factor perspective, aligns most closely to the third approach. It focuses on the management and guidance of people in the integration process. The ultimate goal behind this approach is still to ensure optimal human performance, output and satisfaction, while at the same time ensuring an optimal integration process.

Integration is the hard work

It is worth emphasizing that the hard work of an acquisition occurs during the integration or assimilation part of the acquisition. While acquisitions are often used by organizations as a means to enhance and accelerate strategic goals, it is important to be aware that acquisition runs counter to conventional change management and human adaptation. Since an acquisition is usually not planned long ahead, the conditions may preclude clear communication, effective change management, and building effective political conditions (Marks, 2007).

Acquisitions by nature must be secretive, and that counters what employees need to ensure proper cultural adaptation and integration. After the acquisition, information may become public very quickly, which may have additional negative effects on trust and as a result, integration. Post transition, reviewers often find employees less able to focus on their jobs, less committed to the company, and less inclined to remain with the organization (Marks, 2007).

The transition phase of an acquisition can be used to jar employees from a set of assumptions, and take the opportunity to create renewal within the organization by providing opportunities for change and improvement. This is often difficult to do due to the human preference for status quo during times of distress. Adaptation to transitions, such as found with an acquisition is more psychologically taxing. Acquisitions often become a series of discontinuities, often followed by downsizing and restructuring. Emotions (which are natural) must be dealt with in a prudent and respectful manner (Marks, 2007).

In his framework, Marks suggests four steps to weaken the old and strengthen the new set of forces on emotional and intellectual levels (Marks, 2007). These steps are represented below in Table 1:

		Tasks	
		Weakening the old	Strengthening the new
Levels	Emotional	Empathy	Energy
	Intellectual	Engagement	Enforcement

Table 1: Framework for integration (Marks, 2007)

Empathy: Acknowledge things are difficult and will be difficult for a while. Acknowledge realities of the transition. Raise awareness of transition dynamics and the adaptation processes. Use forums, rituals, ceremonies and relics or symbols to mark the end of the old. Understand human reactions such as mourning, grief, and stress.

Engagement: Create understanding and support for the end of the old and acceptance of the new organizational realities. Ensure good communication about the transition. Involve people in prioritizing work. Find and remove any potential barriers to employee adaptation.

Energy: Build enthusiasm for the new organization and its realities. Promote and present the view of the new and improved organization. Reflect the energy and publicly cultivate a learning environment and create opportunities. Provide for emotional support.

Enforcement: Create and enforce standards, expectations, and behaviors to assist transition. Involve people to bring the post acquisition vision to life. Align systems and operating standards with post transition realities. Track the development and progress after the acquisition.

A second framework sets out an integrative approach to explain and manage problems from a human perspective during the acquisition process (Seo & Hill, 2005). Several natural human reactions to acquisitions can become sources of potential problems that may need to be addressed. These reactions and some potential methods to address them are as follows:

Anxiety: General anxiety is natural for real or perceived threat to job security. This usually leads to low productivity, motivation issues, self-centered, and psychological manifestations. Some suggest communication, listening to employees and a faster transition is useful to overcome this anxiety (Cartwright & Cooper, 1992). Completing the integration as fast as possible and optimize existing structures and resources also plays a mitigating role (Datta, 1991).

Social identity: (Loss of professional, organizational identity). Employee suffers from grief, sense of loss. Proactive addressing and identifying of strong identities and proactive integration can play a positive role.

Acculturation: Employee has contact with a different culture, which causes stress, resistance, and culture clashes. Address this by cultural due diligence.

Role conflict: Ambiguous and conflicting roles result in low satisfaction and productivity. Address by strong leadership to classify roles by two-way communication.

Job characteristics: Job environment changes after the acquisition is complete. Turnover, job satisfaction, absenteeism are typical symptoms. Employee involvement in job design after acquisition process is used to address this problem. Additional training or retraining can be used to assist in this matter. Also, consider the pecking order and natural and informal leadership roles. Ensure continued productivity by taking care to consider the social status and pecking order between the integrated personnel. (Paruchuri et al., 2006)

Organizational justice: Perceived unfair treatment of surviving and displaced employees leads to psychological effects such as withdrawal and turnover. This perception is addressed by being fair and objective when dealing with personnel and employees. Employees should receive respectful and dignified treatment and they should be involved with the decision making where and when possible.

Stages: The author concludes his framework by presenting the specific psychological effects most prevalent in each stage of the acquisition process. Although most symptoms are present in most stages, some are more dominant in specific stages:

a) *Pre-merger*: Anxiety is the most prevalent symptom.
b) *Planning and formal combination*: In addition to anxiety, identity, acculturation and organizational justice becomes more relevant
c) *Operational combination*: Identity, acculturation and organizational justice most prevalent.
d) *Stabilization*: All cultural and psychological issues take longer than other to resolve, and the hope is that they all disappear eventually.

Some authors described the measures of integration success by simplifying the success measure of an acquisition. A low level of human integration and low level of task integration can be considered as an acquisition that failed. A high level of human integration but a low level of task integration is a mixed success where employees may be highly satisfied. However, little operational synergy likely occurred. A low level of human integration but a high level of task integration indicates another mixed success.

Despite the high operational achievements, employees suffered greatly and from a human factor perspective is not desirable at all. A successful integration is one where both the task integration and human integration was executed well. When the survey results are discussed later in the document, these four levels will be applied to each of the Zeta acquisitions studied. The integration management process has to be a parallel process looking at the task and human integration in detail in parallel, ensuring good coordination between these processes, and ultimately leading to acquisition success (Birkinshaw et al., 2000).

The frameworks in the literature assist us in the understanding of how various human factors play a role during the acquisition process. Although the human factor determines ultimate success of the acquisition, it should not distract from the primary focus, which is the acquisition of a business using business principles. A key principle here is that the company should ensure its key capabilities of strategic agility, market agility, organization building, people management, project management and knowledge management is properly developed prior to the acquisition (Saint-Onge & Chatzkel, 2009).

Companies that succumb to "merger lust" often have problems with the proper implementation of post acquisition integrations as these are done for all the wrong reasons. In the book "Beyond the Deal", the authors make a very applicable statement: "The problem with merger lust is that there are very few companies that enter into a merger with a conscious plan to redesign the rules of their industry. Buying bulk does not make you innovative." (Saint-Onge & Chatzkel, 2009)

Framework for Integration

When considering the literature discussed in this and previous chapters, a number of opportunities exist whereby the human factor can be considered during both the acquisition and the very important integration after. When starting a playbook, the company would be looking for actionable items. These items can provide the initial base for the Zeta company playbook. Some guidelines to consider in order to address the human factors during an acquisition are as follows:

- Acknowledge and raise awareness of the difficult stage that the company may be going through and that the end goal is to become better (and bigger). The intermediate challenges are only temporary and the end is in sight.
- Encourage and welcome the new people and make sure they are integrated as quickly as possible into the new structures.
- Build positive energy for the acquisition integration and create an enthusiastic atmosphere that generates a positive, forward-looking approach. Integration need not be draining.
- If necessary, create enforcements to guide and coach integration.
- Use personnel and performance baselines prior to the acquisition integration to measure how well the integration is going. (This can also be used to encourage performance improvement.)
- Have clear objectives of what you want to accomplish with the merger and acquisition, and have clear goals for where the company needs to go. Strategic direction is essential from both a business and human perspective. This is essential to prevent demotivation of acquired personnel and prevent the departure of key people.

- Make efforts to adapt the humans involved in the integration as quickly as possible to ensure the strategic goals can be achieved as quickly as possible.
- Make an effort to understand cultural differences both on an organizational level and at a national level. Have a strong cultural integration plan.
- Make sure that the human integration gets the attention it needs. The financial and technical sides typically receive primary focus. Make sure the human impact is understood. Understand that the focus on financial and legal issues will detract from the human aspect integration if this aspect is not property understood and dealt with.
- Consult widely in the organization during the acquisition. Identify people who are a positive part of the acquisition and utilize them to optimize the acquisition success. Understand and identify subversives quickly and address them speedily.
- Address anxiety and issues related to morale and motivation. Having a clear plan that employees understand well will help address these types of issues.
- Ensure skills transfer and cross training are handled speedily and efficiently.
- Create an integration team that is responsible for the post acquisition integration. A very important part of the integration planning, this team is responsible for developing integration plans for workforce development, benefits and remuneration integration, leadership assignment, functionality

duplication, employee communications strategy, transition metrics, and key employee retention.

- Clear, measurable deliverables of what it means to have integration succeed or fail.
- Develop and nurture core set of capabilities consisting of strategic agility (strategy creation and ability to make plans for opportunities and strengths), market agility (respond to changes), organization building (right culture, right leadership, build trust, create robust processes, engage all involved), people management (recognize talent, build strengths, select right people in right place, do not over/underestimate or expect), project and process management (right plan and right execution method), and knowledge management (learn, innovate, share and communicate knowledge).

SURVEY

Any company desiring to create an integration playbook for the future should apply lessons learned from past experiences. These lessons should include what went well and what could be executed perhaps a little differently. A survey was designed to help understand issues and identify lessons learned for the Zeta company, specifically for the purpose of integrating these lessons learned into a Zeta playbook.

Purpose of survey

To understand the way the employees perceived the current integration practices of the Zeta company, a targeted survey was set up to get feedback from employees on the acquisitions of the Alpha, Beta, Gamma, and Delta company (did not go through). The survey was designed to specifically target those personnel involved with each acquisition and integration. The goal was to understand what employees from the acquiring company and employees from the acquired company felt before and after the acquisition.

Surveys in the literature

Several authors have conducted surveys to look at the effect of acquisitions and the success thereof. This thesis does not intend to repeat any of those or even attempt the scale of those surveys. What is considered are the aspects other authors have highlighted, to see how those aspects can be applied to a targeted survey for employees involved in acquisitions at Zeta company.

Most authors stress the importance of the integration part, as the phase without glamour, but the phase of an acquisition that will make or break the acquisition. The goal of integration is to make better use of the combined resources to ultimately improve the performance of the business. Several authors consider the following factors in the research into post acquisition integration (Birkinshaw et al., 2000; Datta, 1991; Raukko, 2009):

- Organizational fit and differences in management styles, differences in performance evaluation and reward systems.
- Task integration, methods, level of integration and communications during integration.
- Human integration, perceived experience and visibility of management, retention and loss processes and policies, changes in personal status, cultural integration.

The above factors are only a few of the aspects that one should address in a survey. However, for the scope of this targeted survey, the questions items were limited to the listed aspects.

Design of survey

The survey was designed to include questions that cover the factors listed above. Identical surveys were created for each of the acquisitions of the Zeta company described at the beginning of the thesis. The surveys were broadly divided into the following sections:

Purpose of the acquisition: This section was designed to gauge perception about the reason the acquisition was pursued.

Managerial aspects: This section was designed to determine how the respondents perceive the differences between the two company managerial styles. These questions were formulated for both employees of the acquiring company and the acquired company.

Integration aspects: This section was designed to find out how people felt the integration process was handled, and included both incoming (acquired) and existing (acquiring) employees.

Customer aspects: This section was added to determine how the employees involved felt about the way customer service was conducted during and after the acquisition. One would expect minimal customer disruption if a well-managed acquisition took place.

Post integration aspects: The last section in the survey was designed to determine how existing and new employees felt about the new combined company. The purpose was to find out how employees perceived the company after the integration. In a sense this was a form of employee satisfaction survey.

Survey details

This section lists the questions asked of each respondent. For each question, respondents were asked to indicate to which degree they agree or disagree with each statement. Each question also provided an opportunity for respondents to provide comments.

Purpose of the acquisition

This set of questions was included for all the acquisitions Alpha, Beta, Gamma and Delta. Questions were answered on a 5-point scale from Strongly Disagree to Strongly Agree.

- Remove the competition. The acquisition was pursued to remove competition but not to truly assimilate the product/service/technology.
- Goal was to get the customer base but neutral on the technology. (Sell them our stuff.)
- Goal was not to continue the development/improvement of the technology/products.
- Goal was to take the new technology, ignore the new customers and sell the technology to established customers.
- Continue the acquired business unchanged with no changes, improvement or modifications of the technology/product in the short and medium term.
- Wanted the customers and also to Improve/change the acquired technology immediately.

- Goal was to fully integrate new customers into the existing organization and made them prime customers like they were in the previous company.
- The main reason for the acquisition was that Zeta management wanted it, even with challenges.
- The acquired company was desperate (would settle for price.)
- The acquisition was pursued to strengthen the position of the acquiring company at the time.
- The acquisition was pursued to get access to new markets.

Managerial aspects

This set of questions was included for the Alpha, Beta, and Gamma acquisitions. Questions were answered on a 5-point scale from Strongly Disagree (1) to Strongly Agree (5).

- The new company is more proactive with regard to problems
- The new company puts more emphasis on Research and Development
- The new company puts more emphasis on innovation
- The new company uses more efficient methods to make crucial decisions
- The new company follows more of a long-term approach and vision
- The new company relies more on personal experience
- The new company judges decisions more fairly and efficiently
- The new company gives better and more appropriate attention to experts' opinion
- The new company makes more decisions with a long term approach
- The new company is more open with financial information

- The new company adapts more freely to changing circumstances without too much concern for past practice
- The new company uses better systems to manage procedures and projects with formal control and procedures.
- The new company follows more formally established procedures
- The new company is better at forcing personnel to follow formal procedures
- The new company is better at keeping tasks close to job descriptions
- The new company top management does better at seeking more input at all levels in their decision making process
- The new company does better at seeking input at all levels for capital budgeting decisions.
- The new company management does better at seeking inputs and participation on all levels for the strategic growth and diversification of the company.
- The new company makes more strong individualistic decisions by the responsible executives
- The new company makes decisions more by consensus
- The performance and evaluation system in the new company is more effective.
- The new company focuses more on long term performance and not on individual short term performances (and failures)

Integration aspects

This set of questions was included for the Alpha, Beta, and Gamma acquisitions. Questions were answered on a 5-point scale from Strongly Disagree to Strongly Agree.

- Staff meetings relating to the integration were held and they were effective
- Overview sessions were held and they were effective
- Cultural awareness was created effectively
- Mixed project teams were created effectively
- R&D personnel were rotated to make personnel aware of the different technologies.
- Your own work became more focused on what you do best?
- Your own integration was effective
- Communication in the integrated division/unit improved
- Integration problems were worse than you expected
- Your work became more focused on what you do best after the integration
- The integration happened at what you would consider a reasonable speed
- There was an ongoing level of inter unit communication
- From the decisions you saw, it was clear that management had previous experience in post acquisition integration
- Leadership was visible during the integration
- Leadership was continuous during the integration
- Personnel from the targeted company were appropriately retained
- Personnel from the targeted company were appropriately applied to jobs that made sense based on their experience
- There was an efficient communication process during the integration process

- Voluntary personnel loss was indicative of a good integration process
- There was work satisfaction after the integration
- There was job security after the integration
- Salary improved after the integration
- Personal respect to key people improved after the integration
- The integration changes created little stress
- The company cultures were fairly compatible

Customer related aspects

This set of questions was included for all the acquisitions Alpha, Beta, and Gamma. Questions were answered on a 5-point scale from Strongly Disagree to Strongly Agree.

- Customers were comfortable with the announcement that their company was about to be acquired.
- Customers were satisfied by communication that occurred during the acquisition period
- Customers were satisfied by the communication after the acquisition occurred – during the integration period
- Customers were satisfied by the process of the integration (from their perspective)

Opinions about the Zeta company after the completion of the acquisition

This set of questions was included for all the acquisitions Alpha, Beta, and Gamma. Questions were answered on a 5-point scale from Strongly Disagree to Strongly Agree.

- The performance appraisal process focuses on end results vs. intermediate performance perceptions
- The performance measures are based on divisional performance, not corporate performance.
- The new company provides appropriate rewards for excellence in performance
- The new company distributes awards in appropriate frequencies
- Bonuses are linked to the strategic risk that you incurred
- The new company has rewards that are uniform across divisions
- The new company has an efficient manufacturing process
- The new company has an efficient purchasing process
- The new company has an efficient warehousing process
- The new company has efficient maintenance processes
- The new company has efficient data maintenance processes
- The new company has an effective research and development approach
- The new company has en effective marketing approach.
- The new company develops products to serve the market it should
- The new company has effective customer service

Selection of subjects

Employees were identified for each of the Alpha, Beta, Gamma and Delta acquisitions. Employees were selected based on their involvement with each of the acquisitions separately. Those employees were asked to voluntary respond to the questionnaire. Responses were anonymous to encourage survey participation and honesty.

For each of the acquisition surveys, a majority of those asked to respond, returned responses. The response ratios for each of the surveys are indicated in Table 7 later in this section.

Execution of survey

The surveys were designed using an online survey tool, and they were conducted separately for each of the acquisitions. This arrangement was to ensure that data be collected separately for each acquisition, and to keep respondents focused on the acquisition they were describing. Since some time had already passed from the time of some of the earlier acquisitions, some background information was provided about those acquisitions. It was important to try to capture the way the employees felt at the time of the acquisition.

Respondents who completed the survey were entered into a raffle for a gift certificate. This raffle was done to thank employees for the time they spent filling out the survey by giving them an opportunity to win the gift certificate.

Table 2: Basic demographics of acquisition surveys

Survey for	Survey Invites/Responses	Comment
Alpha	10 employees invited 8 responses received 6 additional comments entered 5 raffle entries	Invites were sent to an equal number of acquiring company employees and acquired company employees.
Beta	13 employees were invited 9 responses received 6 additional comments entered 5 raffle entries	Invites were sent to 2 acquired employees and 11 acquiring company employees.
Gamma	17 employees were invited 13 responses received 7 additional comments entered 8 raffle entries	There was only one acquired employee.
Delta	9 employees were invited 7 responses received 5 additional comments entered	All respondents were from the acquiring company. Respondents were not asked to enter the raffle. This survey for a proposed acquisition was much shorter than for the other acquisitions.

CLOSING

This chapter presented the frameworks for integration present in the literature and continued to provide a list of recommended actionable items that can be used as basis for an integration playbook. The chapter further continued to explain the design of a targeted survey used to gauge the experiences of existing and newly acquired personnel of the Zeta company. The following chapter will address the results of the survey.

Chapter 4: Results

Overview

This chapter presents the results of the targeted survey of Zeta employees involved in the acquisition of Alpha, Beta, and Gamma and the proposed acquisition of Delta. The research results are presented for each of the acquisitions and then for all acquisitions as a whole. This main purpose of the survey analysis was to identify what the Zeta company did well and where improvement is recommended. The results of the survey can be used to help Zeta company in its future acquisition endeavors.

Results

The results presented here are a summary of the detailed results shown in Appendix A. The results in Appendix A list the responses for each of the acquisitions. The results of all the acquisitions are also consolidated in a single set of results to compare the success of each acquisition. The results also include comments made in the survey. Each section had space for comments and survey takers were encouraged to add their own thoughts. Since the comments may be sensitive, only sanitized versions are used here to summarize the point and form the basis for any lessons learned. The comments are not included in Appendix A. Only a basic analytical discussion of the results is provided, and results of this survey were not exhaustively analyzed for statistic means. The author felt that the survey targeted a limited number of specific individuals (not random) and consequently it did not warrant analysis beyond looking at majority and average ratings.

Each of the acquisitions will also be evaluated against the framework for success model described in Chapter 3, where the different levels of human and task integration were described. There were four possible outcomes described: acquisition failure, mixed success with happy employees but poor operational results, mixed success with good operational results but unhappy employees, or a successful acquisition (Birkinshaw et al., 2000).

Acquisition of Alpha

The acquisition of Alpha by Zeta drew 8 responses out of the 10 employees invited. Five invitations were sent to original Alpha employees and five to Zeta employees who were closely associated with the acquisition.

Purpose of the acquisition of Alpha

Based on the mean responses, respondents felt that the major reason for the acquisition of Alpha was to strengthen the position of Zeta, and to fully integrate new acquired customers into the new combined company. Respondents agreed most strongly that the acquisition was not to remove competition and that the goal of the acquisition was to not abandon existing Alpha customers. Respondents mostly agreed that Zeta needed to acquire new technology as well as obtain new customers and gain access to new markets. Respondents mostly agreed that the acquisition was pursued because management wanted to do it. Respondent mostly disagreed that there would not be further development of the Alpha technology. In the open-ended comments, some respondents commented that the Zeta standalone meter reader business needed a software portal (which the Alpha company could provide) for increased market penetration, as well as for the survival of Zeta. Zeta also aimed to get a defensible niche in a specific meter reader market, which may bring additional Alpha customers into the Zeta business and Zeta customers into the Alpha business. A Zeta respondent felt the acquisition would address concerns of some risk averse-customers. Another respondent felt that the acquisition of Alpha was driven by U.S. government regulations in the Alpha core market.

Managerial aspects of Alpha

As a whole, respondents agreed more favorably to statements of positive managerial aspects at Zeta. Respondents agreed strongly that the new company used better systems to manage procedures and projects and that the new company followed more standardized, formal procedures. Respondents mostly disagreed with the statement that decisions were made by consensus. In addition, respondents disagreed that the new company is better at keeping tasks in line with job descriptions. In general most other responses for managerial aspects were neutral or generally favorable towards Zeta. These scores may indicate the respondents did not feel strongly either way whether the new management at Zeta was doing a better job than the management at Alpha, but still favored Zeta slightly. Only one former Alpha respondent made a comment stating that management was unstable in his specific Zeta group. This individual also rated the Zeta managerial aspects of the acquisition lower than others. This could be a Zeta department-specific issue.

Integration aspects of Alpha

Respondents agreed most strongly that personnel from Alpha were appropriately retained. Respondents also agreed strongly that integration happened at a reasonable speed and that job security and work satisfaction remained after the integration. Respondents agreed that their own integration was effective. Respondents generally provided favorable responses on the level of communication that the Zeta company provided during the acquisition of Alpha. Respondents appeared to believe that on average the process integration and human integration were fairly well executed. In fact, most respondents agreed that the integration went better than expected. While only slightly, respondents disagreed most with the statement that R&D personnel were rotated to make key integration stakeholders aware of technologies. A few responses were slightly negative on the stress caused by the integration, though respondents felt in general that the acquisition integration went about as well as expected. General job satisfaction appears positive after the integration, and task integration in general was acceptable to slightly positive. One respondent commented that the only bad integration experience was relocating to a different place of work.

Customer related aspects for Alpha

Respondents agreed that customer experience in general was positive. Respondents agreed most strongly that customers were not inconvenienced by the integration. One comment expressed the opinion that the Alpha competition had so many issues and problems that customers would be happy with anyone else other than that competitor. Another respondent commented that a large number of the former Alpha customers still refer to the integrated Alpha by its Alpha name. Another comment indicated that established customers did not like change and would be hard-pressed to embrace newer technology.

Opinion of Zeta after Alpha acquisition integration

Respondents' ratings were generally positive about the Zeta company's acquisition of Alpha. Respondents most strongly agreed that Zeta develops products to serve the market it should, and that Zeta has efficient customer service for the former

Alpha product line. Respondents generally agreed that performance reward processes and methods were adequate. On average, respondents were less positive about Zeta's manufacturing and warehousing processes. Respondents' scores also slightly disagreed with statements about efficient Zeta maintenance processes. It is difficult to determine whether the low scores referred to product maintenance or general maintenance or both. Respondents were neither negative nor positive about the company's research and development approach.

General success of the Alpha acquisition on a human factor level

Based on the framework for successful integration discussed in the previous chapters and the survey results, it is now possible to rate Zeta on the quality of the Alpha acquisition. If a single rating has to be given for each of human, task and customer integration, the ratings would be as follows. Choosing ratings of Dismal, Poor Average, Good, and Excellent, the ratings for the Alpha acquisition could be stated as:

Human Integration:	Good
Task Integration:	Good
Customer Integration:	Excellent

Acquisition of Beta

The acquisition of Beta by Zeta drew 9 responses out of 13 employees invited. Of these, two were original Beta employees and the rest were Zeta employees who were closely associated with the acquisition.

Purpose of the acquisition of Beta

Respondents for the Beta acquisition were more strongly opinionated about the purpose of the acquisition than the respondents of the Alpha acquisition survey.

Respondents agreed most strongly that the Beta acquisition would open up new opportunities to the Zeta company in new markets and allow Zeta to gain additional customers. Respondents also agreed strongly that the goal was to continue development of the Beta company technology. Two respondents commented that the Beta company was in a very strong position prior to the acquisition but needed a partner to get to the next business level. A respondent felt that Beta appeared to possess next generation technology in the meter reader market that the Zeta company was anxious to obtain. Based on the responses, it is apparent that the acquisition was done to acquire the Beta company technology and integrate it as quickly as possible into the Zeta company. Some comments indicated that the new technology brought by Beta was going to help Zeta take its business to the next level with the addition of the meter reader developed by Beta. Beta also brought several new products with the acquisition that matched existing Zeta customer needs and provided a catalyst for market expansion. One respondent commented that Beta was already pursuing next generation technology, while Zeta was struggling to address obsolescence within their older products. Several respondents commented that the acquisition of Beta added exceptional talent to the Zeta company.

Managerial aspects of Beta

Respondents were generally neutral to positive on whether Zeta management did a better job of managing than that of the Beta management team. Respondents felt most strongly that Zeta is better at following formal procedures and fares better at establishing and enforcing these procedures. Several questions had a flat response profile indicating equal amounts of respondents agreeing and disagreeing. These questions mostly related to methods, decision-making, and processes for soliciting inputs. Respondents on average mostly disagreed with the statements that the company seeks inputs at all levels, and that the company makes clear decisions by responsible executives. Generally respondents disagreed that the new company reacts to change well. One respondent remarked that in several of the recent acquisition decisions, Zeta management appeared of the opinion that anything produced inside the Zeta company was inferior and should be retired, and that externally acquired alternatives will always be better. This statement may reflect on communication about the acquisition and making it clear why a specific acquisition would be pursued.

Integration aspects of Beta

In general, survey results indicated that the Zeta company did a reasonably good job of communicating with employees and managing tasks and people during the integration. Respondents agreed strongly that there was clear direction and leadership during the integration. Respondents also agreed strongly that the acquired employees were appropriately retained and that they were applied correctly based on their experience. Respondents generally agreed that the integration went reasonably well, even though the process created some stress. Respondents generally felt underexposed to the newly acquired technology and wanted to experience it more hands-on prior to integration. One respondent commented that the integration at the customer level, personnel level, and technology level was highly successful, because Zeta provided clear leadership as well as meticulous planning to drive the integration to a successful completion. This respondent felt that this performance stood in huge contrast to the Gamma integration discussed later.

Customer related aspects of Beta

All respondents rated almost all of the customer aspects of the acquisition positive and agreed with most statements. Customers were clearly kept involved in the process, kept well informed during the integration, and appeared satisfied with the result of the acquisition. Comments by individual respondents also support this conclusion. One respondent commented that the only reason customers were satisfied with the acquisition is that they were kept informed in advance, throughout, and after the integration was complete. Customers apparently received outstanding service throughout the acquisition process, and that fact led to a very positive customer experience for this acquisition.

Opinion of Zeta after the acquisition integration of Beta

Respondents were on average neutral to slightly positive in their opinion of the Zeta company after the acquisition of Beta. Respondents agreed most strongly that Zeta had efficient data maintenance policies, that the company served it market it should, and that it had effective marketing policies. Respondents on average disagreed that bonuses were linked to the risk incurred at Zeta. Survey scores also indicated that respondents didn't believe that the Zeta company's research and development process were very effective; however, no comments were received on this topic.

General success of the Beta acquisition on a human factor level

Based on the framework for successful integration discussed in the previous chapters and the survey results, it is now possible to rate Zeta on the quality of the Beta acquisition. If a single rating has to be given for each of human, task and customer integration, the ratings would be as follows. Choosing ratings of Dismal, Poor Average, Good, and Excellent, the ratings for the Beta acquisition could be stated as:

Human Integration: Excellent

Task Integration: Excellent

Customer Integration: Excellent

These scores are higher than the scores from the Alpha acquisition, specifically on the human and task integration level. From these relatively high scores, it apparent that the Beta acquisition incorporated task and human integration better than the Alpha acquisition, but provided similar excellent customer satisfaction levels.

Acquisition of Gamma

The acquisition of Gamma by Zeta drew 12 responses from the 17 employees invited to participate. Only one Gamma employee was acquired. Other respondents were Zeta employees who were closely associated with the acquisition.

Purpose of the acquisition of Gamma

Respondents most agreed with the statements that the acquisition was pursued to gain access to new technology, new markets and strengthen the position of the acquiring company. There appears to be a general agreement that the goal was to acquire and integrate this new expansion as fast as possible. Most respondents agreed that the acquisition was not to remove a competitor, but to keep the technology and business. Other results indicate respondents agreed Zeta aimed to keep customers and keep their business if possible. Respondents largely agreed that the Gamma company was not really a competitor and that the technology would likely not be further developed. Some respondents commented that the acquisition of Gamma was to enlarge the customer base. Respondents also commented that the acquisition was pursued because of technology synergies. One respondent commented that the acquisition of Gamma provided an opportunity to get a product off the shelf, but that the actual product performance was not as originally thought. This result might indicate that the technical due diligence process and communication could have been better with this acquisition.

Managerial aspects of Gamma

Similar to the acquisition of Beta, respondents agreed that Zeta is better at following formal procedures and fares better at establishing and enforcing these procedures. This is expected as both of these acquisitions were from very small companies –Beta with four employees and Gamma with two initially and three at the time of the acquisition. In general, respondents agreed with positive statements about managerial aspects of the Zeta company. Survey scores indicate that most respondents believed that the Zeta company generally doesn't make decisions by consensus, but rather tends to allow top-level executives to make business decisions. This may be related to the difference in dynamics between a small company and the now much larger Zeta company. One respondent commented that the Zeta company felt like a better-organized system than the Gamma company.

Integration aspects of Gamma

Survey scores were generally lower than other acquisitions with respect to the integration aspect. Low scores indicated that many of the employees appeared to believe that planning meetings and overview sessions were either absent or highly ineffective. Scores also indicated that leadership was lacking during the integration; however, the Zeta company did retain the appropriate people from the Gamma company to keep the business running. The Zeta company apparently did not give the appearance of a company experienced in acquisitions, even though that is not the case. Comments supplied by respondents generally support the survey results above. One of the respondents commented specifically that the integration did not go smoothly.

Customer related aspects of Gamma

The majority of respondents felt negatively about the way customer aspects of the Gamma acquisition were managed. Scores indicated that customers were generally not comfortable with the process or the acquisition integration. Respondents disagreed most strongly with the statement that customers received appropriate communication about the acquisition and integration. Some comments stated that, while customers may be OK some time after the acquisition integration occurred, they were not well informed about the integration and did not feel that customers received the service they should have received. A respondent indicated that there was little to no communication, except to one or two customers. These comments are in stark contrast to the responses for the Alpha and Beta companies.

Opinion of Zeta after the acquisition integration of Gamma

The opinions of respondents of the Zeta company after the integration of Gamma were generally neutral to positive. Respondents disagreed with only one statement, that Zeta bonuses were linked to the risk incurred. Some of the lower scoring questions in this section related to the Zeta company marketing efforts, performance reviews and rewards. Since most respondents were already Zeta employees at the time Gamma was acquired, this is perhaps more indicative of Zeta employee opinions than former Gamma employee opinions. As was the case with the other acquisition surveys, no comments were received about the Zeta company performance after the integration of the Gamma acquisition.

General success of the Gamma acquisition on a human factor level

Based on the framework for successful integration discussed in the previous chapters and the survey results, it is now possible to rate Zeta on the quality of the Gamma acquisition. If a single rating has to be given for each of human, task and customer integration, the ratings would be as follows. Choosing ratings of Dismal, Poor Average, Good, and Excellent, the ratings for the Gamma acquisition could be stated as:

Human Integration: Good

Task Integration: Good

Customer Integration: Poor

Notably, the customer integration score is much lower than the scores from the Alpha and Beta acquisitions. From the scores it is apparent that, while the human and task integration went fairly well comparatively, the customer experience in this case was much worse. For this acquisition, the technology integration and customer integration departments for Zeta were two separate groups. For Alpha and Beta the integration team handled all the integration aspects and reported to one manager. Based on some of the comments, communication to customers of Gamma was poor. Zeta may have underestimated the number of customers who needed individual attention, as well as the difference in service approach – Alpha and Beta customers are used to accessing their own data through various means, while Gamma customers required attendant service to provide data and service. Some of the inherent challenges in the Gamma technology may have become visible after the acquisition. While the products were sound, the communications network they relied on deteriorated fast right after the acquisition. Former Beta products that rely on the same communications network experienced similar performance deterioration.

Near Acquisition of Delta

The near acquisition of Delta by Zeta drew 7 responses from 9 invited participants. All of the survey respondents were Zeta employees who were closely associated with the proposed acquisition of Delta.

Purpose of the acquisition of Delta

Respondents most agreed that the near acquisition of Delta was pursued to significantly strengthen the position of Zeta. Respondents also strongly agreed that the goal would be to integrate Delta products into the Zeta portfolio as quickly as possible, and also to make some changes to the technology immediately. Most respondents agreed that the proposed acquisition would not lead to new markets. A number of respondents commented that the Delta company products were not competitive with the Zeta company products. Some comments indicated that the acquisition was pursued to get to Delta customers, but that the product would ultimately not be viable. Comments further indicated that the acquisition of Delta would provide additional technology that could address challenges with some of Zeta's current products. While one respondent commented that the acquisition would remove a competitor, many other respondents did not think the Delta company was a competitive challenge. Comments indicated that employees became weary of the deal as due diligence continued for a couple of months. This is likely due to knowledge gained through the technical due diligence process. Some respondents commented that the acquisition was pursued simply because management does not believe in products that originate from within Zeta. One respondent felt that the Delta company market segmentation was risky with a single customer making up the bulk of potential reader usage, and that the specific customer penetration might have already reached a plateau.

Recently, the Zeta company decided to not pursue the acquisition of the Delta company. This was mainly due to the results of technical due diligence. Zeta was also able to come up with an in house solution that addressed many of the needs the Delta product would have met. Internal changes at Zeta with regard to product development also played a role and supported more confidence in the abilities of Zeta's own products.

CONSOLIDATED SURVEY RESPONSES

Integration success rating

Based on each of the integration ratings for the acquisitions of Alpha, Beta and Gamma by the Zeta company, an acquisition success metric can be developed. The model used earlier in the literature overview based the success of the acquisition on the level of integration on the human level and the task level (Birkinshaw et al., 2000). Based on the premise that the customer acceptance of an integration plays a very important part in whether an acquisition is successful (Saint-Onge & Chatzkel, 2009), I would like to put forth that the Birkinshaw framework model (Birkinshaw et al., 2000) can be extended to three dimensions as follows.

The x-axis represents the scale of task integration. A high level indicates operational alignment and synergies that were executed properly. The y-axis represents the scale of human integration. A high level of human integration typically leads to happy and satisfied employees. The z-axis represents the scale of customer integration. A high level of customer integration represents happy and satisfied customers. In this model, acquisition success is determined by three success factors … task integration, human integration and customer integration. A mixture of one or two high integration scores with one that is low will result in an acquisition integration result that is mixed. A low integration on all three dimensions will result in a failed acquisition. A high rating on all three integration categories would indicate a successful integration. Using the information from the acquisitions for Alpha, Beta and Gamma above, the acquisition success factors can be summarized as below. A scale of 1 to 5 for the ratings Dismal, Poor, Average, Good, and Excellent is used.

Table 3: Consolidated Acquisition success for the Zeta company

Company Acquired	Alpha	Beta	Gamma
Level of Task integration	Good (4)	Excellent (5)	Good (4)
Level of Human integration	Good (4)	Excellent (5)	Good (4)
Level of customer integration	Excellent (5)	Excellent (5)	Poor (2)
Acquisition successful?	Successful (4.33)	Successful (5)	Mixed (3.33)

The combined success for each acquisition can be shown graphically as follows:

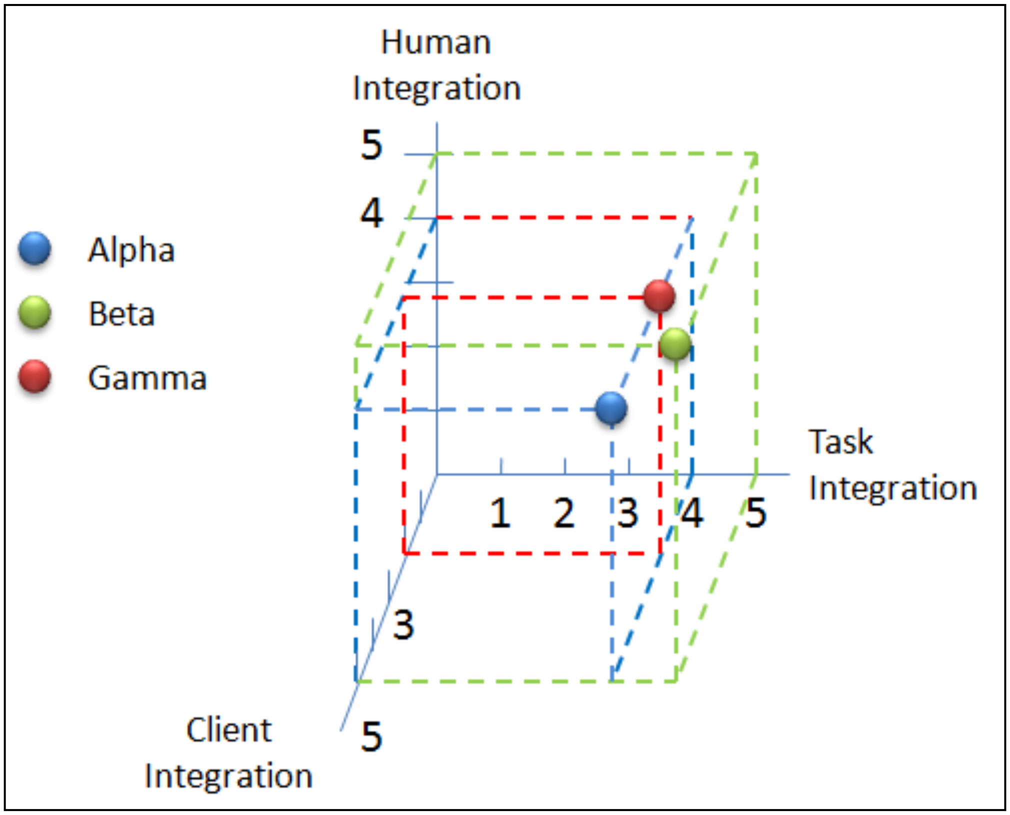

Figure 2: Combined success of each of the Alpha, Beta and Gamma acquisitions in Zeta

IMPLICATIONS

As the Zeta company pursues more acquisitions in the future, it should make every effort to ensure that integration on all levels are executed well. On the managerial aspects of acquisitions, employee opinions varied from acquisition to acquisition about how well the acquisition was managed. However, there are principles, which can always be used, that will assist in the successful acquisition (Saint-Onge & Chatzkel, 2009).

1. The purpose, scope and performance parameters for the acquisition need to be established up front and be clear. Leadership, vision and strategy are crucial for success. As the survey scores in the Gamma acquisition reflected, not having clear communication and consistent leadership during the customer integration, human integration or task integration could ultimately be problematic. The survey scores indicate that the Beta acquisition had clear leadership and the right level of integration, which ultimately led to a successful acquisition. The vision of the leadership team must be convincing and communicated properly, and the vision must be lived by the leadership team, so that company performance is a reflection of living that vision.
2. Communication is another key element for success. Leaders need to be informed and they need to communicate their knowledge to others. Communication should not be restricted to a niche group of players. All levels should be informed as much as practical. Some survey scores about poor communication can likely be explained by the fact that the specific respondent may not have been informed on all issues. Employees need to be kept informed in order to complete the tasks expected of them during the acquisition process. Leadership should ensure that over-communication takes place at all levels.
3. People need to be managed well in order to optimize the human integration. Employees should be engaged at different levels to have productive conversations about business processes. A cohesive culture can help to create collaborative approaches between people, and it can help

empower them to develop their own direction and future. The integration needs to be fast and fully complete.

4. The change in the company, including the changes in tasks and functions need to be managed well. Employees need to be part of the process and need to be communicated to with clear information. Information needs to flow freely and on a regular and timely basis. Customers need to be part of the process, and, while mentioned last here, customers are the most important factor for acquisitions. If clients are not happy, the likelihood of the acquisition succeeding is not high. Survey comments support this statement. There is a direct link between the customer experience and the employee experience, and successful acquisitions usually result in both satisfied customers and employees. A failed acquisition will tend to have both employee and customer unhappiness.

Looking back at the acquisitions of Alpha and Beta, it is clear that the actions the Zeta leadership took over time were largely on target and in line with the above guidelines. It appears the Gamma acquisition did not go as well. Survey results indicate the guidelines were not followed as closely in the Gamma acquisition. The key is to learn from mistakes and apply corrective actions as appropriate. When Zeta acquires the next company, it can be ready with a playbook for action that learns from the mistakes and successes of the past.

CLOSING

This chapter saw an analytical overview of the results of a targeted survey that was used to gauge respondents' opinions about the purpose, managerial aspects, integration aspects, customer aspects and feelings towards the Zeta company after the acquisitions were complete. The results were briefly discussed and analyzed. The next chapter presents recommendations that came from the survey results as well as items that can be included in the Zeta playbook for acquisition integration.

Chapter 5: Conclusions

In all of the mayhem and confusion that sometimes accompanies an acquisition and the integration, it is important to keep in mind that the acquisition integration is an opportunity to grow in depth and breadth. Companies should resist the temptation to mutate into simply a bigger (and more clumsy) version of the original company. As the company moves “beyond the deal”, it is essential to use the acquisition opportunity to make that leap forward. At the same time the company has to realize the important assets locked up in the intangible capital (personnel and customers) (Saint-Onge & Chatzkel, 2009).

KEY POINTS

The Zeta playbook for acquisition integration can be created with a set of guidelines that comes from the literature and also lessons learned from previous integrations. Briefly summarized here, several guidelines exist for successful integration were found in the literature. First the four categories that need to be addressed as a matter of principle:

- Leadership: Clear vision, live by leadership, clear goals.
- Communication: All the time, at all levels, no niche groups.
- Human integration: Optimize on a people level and task level, complete, and fast.
- Manage: Manage the change, and manage customer happiness first and foremost.

As indicated in the survey results, the Zeta company did fairly well on these elements, and where it did not, it was clear that improved focus on these elements in the future would bring the acquisition plans back in line for a successful outcome.

The Zeta playbook also contains specific actionable items found in the literature from other companies' reviews of acquisitions and frameworks. While each company is unique with its own culture, the fundamentals stay the same. The actionable items described in the previous chapters can be briefly summarized and categorized as follows:

- Create an acquisition team
- Identify leadership (and follow through)
- Manage culture
- Empathize, Engage, Enthuse and Enforce
- Address human integration on a value, emotional and justice level
- Address task integration on a job and skills level
- Establish clear goals and provide a means to measure the success

The above-summarized list of key takeaways can be added to the Zeta playbook for acquisition integration.

CONTRIBUTION TO RESEARCH

This study contributes to research in the following areas.

In the field of literature reviews, quite a number of authors have investigated frameworks, best practices and the implications for companies. This study validates some of those. Our consolidation of some of the literature shows that there are common themes, but there are also different approaches to the question of acquisition integration. The study can provide insight to managers when they deal with future acquisition integrations.

The survey is a limited targeted case study that focused on analytical value, rather than statistical value. The results are focused on and limited to the context of the Zeta company acquisition efforts and the acquired Alpha, Beta Gamma and proposed Delta companies. The results can contribute to the field of wider analysis of how humans experience acquisitions and how this experience can be tapped to learn from the past.

RESEARCH OPPORTUNITIES

There is a significant data value to be gained from analyzing the process of mergers and acquisitions. The Zeta company has its own specific processes for conducting an acquisition. Additional studies are possible that could dig much deeper, and provide additional information about how Zeta company or other companies address the challenges associated with acquisitions. Additional studies in this field can tap into the value of customer satisfaction indexes, and determine how that relates to other metrics, such as acquisition success and satisfaction, such as employee satisfaction. Additionally there may be a correlation between the success of acquisitions and other growth factors in a company. Acquisitions remain a fascinating field of study with much potential.

Appendix A: Survey Results

For each of the acquisitions of Alpha, Beta, Gamma and Delta, the tables below show the number of respondents that agreed slightly or strongly, were neutral, or disagreed strongly or slightly. Each row indicated the question posed to respondents. It further shows the number of respondents for each answer option. Each row also contains the number of 'No Opinion' responses and total responses for each question. The mean opinion for each response is shown in the last column for each row.

ACQUISITION OF ALPHA

Purpose of the integration (Alpha)

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. Remove the competition. The acquisition was pursued to remove competition but not to truly assimilate the product/service/technology.	5	2	0	0	0	1	8	1.29
2. Goal was to get the customer base but neutral on the technology. (Sell them our stuff.)	3	3	0	1	1	0	8	2.25
3. Goal was not to continue the development/improvement of the technology/products.	5	1	0	1	1	0	8	2.00
4. Goal was to take the new technology, ignore the new customers and sell the technology to established customers.	5	3	0	0	0	0	8	1.38

Purpose of the integration (Alpha)

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
5. Continue the acquired business unchanged with no changes, improvement or modifications of the technology/product in the short and medium term.	0	4	0	2	1	1	8	3.00
6. Wanted the customers and also to Improve/change the acquired technology immediately.	0	0	1	6	0	1	8	3.86
7. Goal was to fully integrate new customers into the existing organization and made them prime customers like they were in the previous company.	0	0	1	3	4	0	8	4.38
8. The main reason for the acquisition was that (AI) management wanted it, even with challenges.	1	0	2	2	3	0	8	3.75
9. The acquired company was desperate (would settle for price.)	1	2	1	4	0	0	8	3.00
10. The acquisition was pursued to strengthen the position of the acquiring company at the time.	0	0	0	4	4	0	8	4.50
11. The acquisition was pursued to get access to new markets.	0	1	0	5	2	0	8	4.00

Alpha: Managerial aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. The new company is more proactive with regard to problems	0	1	1	4	2	0	8	3.88
2. The new company puts more emphasis on Research and Development	1	0	3	2	2	0	8	3.50
3. The new company puts more emphasis on innovation	0	1	3	2	2	0	8	3.63
4. The new company uses more efficient methods to make crucial decisions	0	1	3	3	1	0	8	3.50
5. The new company follows more of a long-term approach and vision	0	0	3	3	2	0	8	3.88
6. The new company relies more on personal experience	0	1	4	3	0	0	8	3.25
7. The new company judges decisions more fairly and efficiently	0	0	5	3	0	0	8	3.38
8. The new company gives better and more appropriate attention to experts' opinion	0	1	4	2	1	0	8	3.38
9. The new company makes more decisions with a long term approach	0	1	2	3	2	0	8	3.75
10. The new company is more open with financial information	0	1	2	2	3	0	8	3.88
11. The new company adapts more freely to changing circumstances without too much concern for past practice	0	0	4	3	1	0	8	3.63
12. The new company uses better systems to manage procedures and projects with formal control and	0	0	0	6	2	0	8	4.25

Alpha: Managerial aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
procedures.								
13. The new company follows more formally established procedures	0	0	0	7	1	0	8	4.13
14. The new company is better at forcing personnel to follow formal procedures	0	1	1	5	1	0	8	3.75
15. The new company is better at keeping tasks close to job descriptions	0	2	4	2	0	0	8	3.00
16. The new company top management does better at seeking more input at all levels in their decision making process	0	0	5	3	0	0	8	3.38
17. The new company does better at seeking input at all levels for capital budgeting decisions.	0	0	3	3	0	2	8	3.50
18. The new company management does better at seeking inputs and participation on all levels for the strategic growth and diversification of the company.	0	1	3	3	0	1	8	3.29
19. The new company makes more strong individualistic decisions by the responsible executives	0	1	4	2	0	1	8	3.14
20. The new company makes decisions more by consensus	0	2	4	1	0	1	8	2.86
21. The performance and evaluation system in the new company is more effective.	0	0	3	5	0	0	8	3.63
22. The new company focuses more on long term performance and not on individual short term performances	0	0	2	6	0	0	8	3.75

Alpha: Managerial aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
(and failures)								

Alpha: Integration aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. Staff meetings relating to the integration were held and they were effective	0	1	2	4	1	0	8	3.63
2. Overview sessions were held and they were effective	1	1	1	5	0	0	8	3.25
3. Cultural awareness was created effectively	0	0	2	3	2	1	8	4.00
4. Mixed project teams were created effectively	0	1	1	5	0	1	8	3.57
5. R&D personnel were rotated to make personnel aware of the different technologies.	1	3	2	2	0	0	8	2.63
6. Your own work became more focused on what you do best?	1	1	2	3	1	0	8	3.25
7. Your own integration was effective	0	0	1	5	2	0	8	4.13
8. Communication in the integrated division/unit improved	0	0	4	2	2	0	8	3.75
9. Integration problems were worse than you expected	1	3	3	1	0	0	8	2.50
10. Your work became more focused on what you do best after the integration	0	2	4	1	1	0	8	3.13
11. The integration happened at what you would consider a reasonable speed	0	0	0	4	3	1	8	4.43
12. There was an ongoing level of inter unit communication	0	0	2	5	0	1	8	3.71
13. From the decisions you saw, it was clear that management had previous experience in post acquisition	0	1	1	5	0	1	8	3.57

Alpha: Integration aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
integration								
14. Leadership was visible during the integration	0	0	1	5	1	1	8	4.00
15. Leadership was continuous during the integration	0	0	1	5	1	1	8	4.00
16. Personnel from the targeted company were appropriately retained	0	0	0	4	4	0	8	4.50
17. Personnel from the targeted company were appropriately applied to jobs that made sense based on their experience	0	0	2	4	2	0	8	4.00
18. There was an efficient communication process during the integration process	0	0	1	7	0	0	8	3.88
19. Voluntary personnel loss was indicative of a good integration process	0	0	2	3	1	2	8	3.83
20. There was work satisfaction after the integration	0	0	0	6	1	1	8	4.14
21. There was job security after the integration	0	0	0	5	3	0	8	4.38
22. Salary improved after the integration	0	1	3	1	3	0	8	3.75
23. Personal respect to key people improved after the integration	0	0	4	4	0	0	8	3.50
24. The integration changes created little stress	0	4	1	3	0	0	8	2.88
25. The company cultures were fairly compatible	0	2	0	5	1	0	8	3.63

Alpha: Customer related aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. Customers were comfortable with the announcement that their company was about to be acquired.	0	1	1	2	3	1	8	4.00
2. Customers were satisfied by communication that occurred during the acquisition period	0	0	2	3	2	1	8	4.00
3. Customers were satisfied by the communication after the acquisition occurred - during the integration period	0	0	1	4	2	1	8	4.14
4. Customers were satisfied by the process of the integration (from their perspective)	0	0	0	4	3	1	8	4.43

Alpha: Opinion of Zeta after the acquisition

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. The performance appraisal process focuses on end results vs. intermediate performance perceptions	0	0	2	6	0	0	8	3.75
2. The performance measures are based on divisional performance, not corporate performance.	0	1	1	6	0	0	8	3.63
3. The new company provides appropriate rewards for excellence in performance	0	1	1	4	2	0	8	3.88
4. The new company distributes awards in appropriate frequencies	0	1	1	5	1	0	8	3.75
5. Bonuses are linked to the strategic risk that you incurred	0	1	3	4	0	0	8	3.38
6. The new company has rewards that are uniform across divisions	0	1	3	4	0	0	8	3.38
7. The new company has an efficient manufacturing process	0	2	1	1	0	4	8	2.75
8. The new company has an efficient purchasing process	0	1	0	4	0	3	8	3.60
9. The new company has an efficient warehousing process	0	1	0	3	0	4	8	3.50
10. The new company has efficient maintenance processes	0	3	2	2	0	1	8	2.86
11. The new company has efficient data maintenance processes	0	0	3	3	0	2	8	3.50
12. The new company has an effective research and development approach	0	2	4	2	0	0	8	3.00

Alpha: Opinion of Zeta after the acquisition

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
13. The new company has en effective marketing approach.	0	2	0	5	0	1	8	3.43
14. The new company develops products to serve the market it should	0	0	1	5	2	0	8	4.13
15. The new company has effective customer service	0	0	2	5	1	0	8	3.88

ACQUISITION OF BETA

Beta: Purpose of the acquisition

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. Remove the competition. The acquisition was pursued to remove competition but not to truly assimilate the product/service/technology.	3	4	0	0	2	0	9	2.33
2. Goal was to get the customer base but neutral on the technology. (Sell them our stuff.)	4	3	1	1	0	0	9	1.89
3. Goal was not to continue the development/improvement of the technology/products.	7	1	1	0	0	0	9	1.33
4. Goal was to take the new technology, ignore the new customers and sell the technology to established customers.	4	2	0	2	1	0	9	2.33
5. Continue the acquired business unchanged with no changes, improvement or modifications of the technology/product in the short and medium term.	1	3	1	3	0	0	8	2.75
6. Wanted the customers and also to Improve/change the acquired technology immediately.	0	1	0	4	4	0	9	4.22
7. Goal was to fully integrate new customers into the existing organization and made them prime	0	0	1	2	6	0	9	4.56

Beta: Purpose of the acquisition

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
customers like they were in the previous company.								
8. The main reason for the acquisition was that (AI) management wanted it, even with challenges.	2	0	1	3	3	0	9	3.56
9. The acquired company was desperate (would settle for price.)	3	1	3	1	1	0	9	2.56
10. The acquisition was pursued to strengthen the position of the acquiring company at the time.	0	0	0	0	8	1	9	5.00
11. The acquisition was pursued to get access to new markets.	0	1	1	2	4	0	8	4.13

Beta: Managerial aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. The new company is more proactive with regard to problems	0	2	1	4	1	1	9	3.50
2. The new company puts more emphasis on Research and Development	0	3	2	3	1	0	9	3.22
3. The new company puts more emphasis on innovation	2	1	0	5	0	1	9	3.00
4. The new company uses more efficient methods to make crucial decisions	2	0	2	3	1	1	9	3.13
5. The new company follows more of a long-term approach and vision	1	1	1	3	2	1	9	3.50
6. The new company relies more on personal experience	0	2	1	2	2	2	9	3.57
7. The new company judges decisions more fairly and efficiently	1	0	3	2	1	2	9	3.29
8. The new company gives better and more appropriate attention to experts' opinion	1	1	2	2	1	2	9	3.14
9. The new company makes more decisions with a long term approach	0	2	0	6	1	0	9	3.67
10. The new company is more open with financial information	0	1	2	2	2	1	8	3.71
11. The new company adapts more freely to changing circumstances without too much concern for past practice	1	3	1	3	0	1	9	2.75
12. The new company uses better systems to manage procedures and projects with formal control and	0	1	0	5	3	0	9	4.11

Beta: Managerial aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
procedures.								
13. The new company follows more formally established procedures	0	0	0	4	5	0	9	4.56
14. The new company is better at forcing personnel to follow formal procedures	0	0	1	3	4	1	9	4.38
15. The new company is better at keeping tasks close to job descriptions	0	0	2	4	1	2	9	3.86
16. The new company top management does better at seeking more input at all levels in their decision making process	1	1	1	3	1	2	9	3.29
17. The new company does better at seeking input at all levels for capital budgeting decisions.	2	0	2	2	0	3	9	2.67
18. The new company management does better at seeking inputs and participation on all levels for the strategic growth and diversification of the company.	2	0	1	4	0	2	9	3.00
19. The new company makes more strong individualistic decisions by the responsible executives	1	1	3	1	0	3	9	2.67
20. The new company makes decisions more by consensus	0	3	2	2	0	2	9	2.86
21. The performance and evaluation system in the new company is more effective.	0	2	4	0	1	2	9	3.00
22. The new company focuses more on long term performance and not	1	1	2	2	1	2	9	3.14

Beta: Managerial aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
on individual short term performances (and failures)								

Beta: Integration aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. Staff meetings relating to the integration were held and they were effective	1	0	1	4	1	2	9	3.57
2. Overview sessions were held and they were effective	1	1	1	3	1	2	9	3.29
3. Cultural awareness was created effectively	1	0	4	3	1	0	9	3.33
4. Mixed project teams were created effectively	1	1	5	2	0	0	9	2.89
5. R&D personnel were rotated to make personnel aware of the different technologies.	0	3	2	2	0	2	9	2.86
6. Your own work became more focused on what you do best?	0	1	2	2	4	0	9	4.00
7. Your own integration was effective	0	1	0	3	5	0	9	4.33
8. Communication in the integrated division/unit improved	0	1	3	4	1	0	9	3.56
9. Integration problems were worse than you expected	0	4	2	3	0	0	9	2.89
10. Your work became more focused on what you do best after the integration	0	0	3	5	1	0	9	3.78
11. The integration happened at what you would consider a reasonable speed	0	2	0	4	2	1	9	3.75
12. There was an ongoing level of inter unit communication	0	1	2	5	1	0	9	3.67

Beta: Integration aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
13. From the decisions you saw, it was clear that management had previous experience in post acquisition integration	0	2	1	1	4	1	9	3.88
14. Leadership was visible during the integration	0	0	2	2	5	0	9	4.33
15. Leadership was continuous during the integration	0	1	1	2	5	0	9	4.22
16. Personnel from the targeted company were appropriately retained	0	0	0	1	8	0	9	4.89
17. Personnel from the targeted company were appropriately applied to jobs that made sense based on their experience	0	0	1	1	7	0	9	4.67
18. There was an efficient communication process during the integration process	0	1	4	2	2	0	9	3.56
19. Voluntary personnel loss was indicative of a good integration process	0	1	2	2	3	1	9	3.88
20. There was work satisfaction after the integration	0	0	2	3	3	1	9	4.13
21. There was job security after the integration	0	1	1	1	5	1	9	4.25
22. Salary improved after the integration	2	0	3	1	2	1	9	3.13
23. Personal respect to key people improved after the integration	0	1	3	2	2	1	9	3.63
24. The integration changes created little stress	2	3	0	4	0	0	9	2.67

Beta: Integration aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
25. The company cultures were fairly compatible	0	0	2	3	1	2	8	3.83

Beta: Customer related aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. Customers were comfortable with the announcement that their company was about to be acquired.	0	1	2	2	2	2	9	3.71
2. Customers were satisfied by communication that occurred during the acquisition period	0	0	3	2	2	2	9	3.86
3. Customers were satisfied by the communication after the acquisition occurred - during the integration period	0	0	2	3	2	2	9	4.00
4. Customers were satisfied by the process of the integration (from their perspective)	0	0	3	1	3	2	9	4.00

Beta: Opinion of Zeta after the acquisition

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. The performance appraisal process focuses on end results vs. intermediate performance perceptions	1	0	1	5	0	2	9	3.43
2. The performance measures are based on divisional performance, not corporate performance.	1	1	0	6	0	1	9	3.38
3. The new company provides appropriate rewards for excellence in performance	0	2	1	4	2	0	9	3.67
4. The new company distributes awards in appropriate frequencies	0	2	2	3	2	0	9	3.56
5. Bonuses are linked to the strategic risk that you incurred	1	2	1	1	1	3	9	2.83
6. The new company has rewards that are uniform across divisions	1	0	3	2	2	1	9	3.50
7. The new company has an efficient manufacturing process	0	1	1	6	0	1	9	3.63
8. The new company has an efficient purchasing process	0	2	0	4	2	1	9	3.75
9. The new company has an efficient warehousing process	0	2	0	3	2	2	9	3.71
10. The new company has efficient maintenance processes	1	2	0	5	0	1	9	3.13
11. The new company has efficient data maintenance processes	0	1	0	5	2	1	9	4.00
12. The new company has an effective research and	0	4	2	1	1	1	9	2.88

Beta: Opinion of Zeta after the acquisition

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
development approach								
13. The new company has en effective marketing approach.	0	2	0	3	3	1	9	3.88
14. The new company develops products to serve the market it should	0	2	0	4	3	0	9	3.89
15. The new company has effective customer service	2	1	0	4	2	0	9	3.33

ACQUISITION OF GAMMA

Gamma: Purpose of the acquisition

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. Remove the competition. The acquisition was pursued to remove competition but not to truly assimilate the product/service/technology.	8	2	1	1	0	0	12	1.58
2. Goal was to get the customer base but neutral on the technology. (Sell them our stuff.)	3	3	0	6	0	0	12	2.75
3. Goal was not to continue the development/improvement of the technology/products.	2	6	1	1	2	0	12	2.58
4. Goal was to take the new technology, ignore the new customers and sell the technology to established customers.	6	2	3	1	0	0	12	1.92
5. Continue the acquired business unchanged with no changes, improvement or modifications of the technology/product in the short and medium term.	3	0	0	5	4	0	12	3.58
6. Wanted the customers and also to Improve/change the acquired technology immediately.	3	1	2	4	2	0	12	3.08
7. Goal was to fully integrate new customers into the existing organization and made them prime customers like they were in the previous company.	0	2	1	4	5	0	12	4.00
8. The main reason for the acquisition was that (AI) management wanted it, even with challenges.	2	1	0	4	5	0	12	3.75

Gamma: Purpose of the acquisition

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
9. The acquired company was desperate (would settle for price.)	4	1	2	2	1	2	12	2.50
10. The acquisition was pursued to strengthen the position of the acquiring company at the time.	1	0	1	2	8	0	12	4.33
11. The acquisition was pursued to get access to new markets.	0	0	1	2	8	0	11	4.64

Gamma: Managerial aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. The new company is more proactive with regard to problems	0	3	2	4	2	1	12	3.45
2. The new company puts more emphasis on Research and Development	1	4	1	5	1	0	12	3.08
3. The new company puts more emphasis on innovation	0	4	2	5	1	0	12	3.25
4. The new company uses more efficient methods to make crucial decisions	0	1	2	5	2	2	12	3.80
5. The new company follows more of a long-term approach and vision	0	0	0	7	5	0	12	4.42
6. The new company relies more on personal experience	0	4	4	2	1	1	12	3.00
7. The new company judges decisions more fairly and efficiently	0	1	2	5	1	3	12	3.67
8. The new company gives better and more appropriate attention to experts' opinion	0	2	4	2	1	2	11	3.22
9. The new company makes more decisions with a long term approach	0	0	1	4	6	1	12	4.45
10. The new company is more open with financial information	0	0	2	5	3	2	12	4.10
11. The new company adapts more freely to changing circumstances without too much concern for past practice	0	3	4	3	0	2	12	3.00
12. The new company uses better systems to manage procedures and projects with formal control and procedures.	0	0	1	4	7	0	12	4.50
13. The new company follows more formally established procedures	0	0	0	4	8	0	12	4.67

Gamma: Managerial aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
14. The new company is better at forcing personnel to follow formal procedures	0	1	2	2	5	1	11	4.10
15. The new company is better at keeping tasks close to job descriptions	0	1	2	2	4	3	12	4.00
16. The new company top management does better at seeking more input at all levels in their decision making process	0	3	2	2	2	3	12	3.33
17. The new company does better at seeking input at all levels for capital budgeting decisions.	0	3	4	1	1	3	12	3.00
18. The new company management does better at seeking inputs and participation on all levels for the strategic growth and diversification of the company.	0	3	3	3	0	3	12	3.00
19. The new company makes more strong individualistic decisions by the responsible executives	0	0	5	2	1	4	12	3.50
20. The new company makes decisions more by consensus	1	5	3	1	0	2	12	2.40
21. The performance and evaluation system in the new company is more effective.	0	1	4	2	2	3	12	3.56
22. The new company focuses more on long term performance and not on individual short term performances (and failures)	0	0	3	5	3	1	12	4.00

Gamma: Integration aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. Staff meetings relating to the integration were held and they were effective	3	2	1	3	1	2	12	2.70
2. Overview sessions were held and they were effective	4	2	1	4	0	1	12	2.45
3. Cultural awareness was created effectively	3	3	4	1	0	1	12	2.27
4. Mixed project teams were created effectively	4	4	2	1	0	1	12	2.00
5. R&D personnel were rotated to make personnel aware of the different technologies.	3	2	4	1	0	2	12	2.30
6. Your own work became more focused on what you do best?	1	0	5	4	0	2	12	3.20
7. Your own integration was effective	2	2	1	4	2	1	12	3.18
8. Communication in the integrated division/unit improved	3	1	5	2	0	1	12	2.55
9. Integration problems were worse than you expected	0	2	2	4	3	1	12	3.73
10. Your work became more focused on what you do best after the integration	1	1	5	2	1	2	12	3.10
11. The integration happened at what you would consider a reasonable speed	0	2	3	3	2	2	12	3.50
12. There was an ongoing level of inter unit communication	2	3	4	1	0	2	12	2.40
13. From the decisions you saw, it was clear that management had previous experience in post acquisition	1	4	4	2	0	1	12	2.64

Gamma: Integration aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
integration								
14. Leadership was visible during the integration	1	5	2	4	0	0	12	2.75
15. Leadership was continuous during the integration	1	5	2	3	1	0	12	2.83
16. Personnel from the targeted company were appropriately retained	0	2	1	1	6	2	12	4.10
17. Personnel from the targeted company were appropriately applied to jobs that made sense based on their experience	0	2	0	1	6	2	11	4.22
18. There was an efficient communication process during the integration process	2	3	3	4	0	0	12	2.75
19. Voluntary personnel loss was indicative of a good integration process	0	0	4	1	1	6	12	3.50
20. There was work satisfaction after the integration	0	2	2	6	0	2	12	3.40
21. There was job security after the integration	0	1	3	4	2	2	12	3.70
22. Salary improved after the integration	3	0	4	1	1	3	12	2.67
23. Personal respect to key people improved after the integration	1	2	6	1	0	2	12	2.70
24. The integration changes created little stress	2	6	1	0	1	2	12	2.20
25. The company cultures were fairly compatible	0	1	5	2	1	3	12	3.33

Gamma: Customer related aspects

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. Customers were comfortable with the announcement that their company was about to be acquired.	1	1	4	3	0	3	12	3.00
2. Customers were satisfied by communication that occurred during the acquisition period	2	1	4	3	0	2	12	2.80
3. Customers were satisfied by the communication after the acquisition occurred - during the integration period	2	4	1	3	0	2	12	2.50
4. Customers were satisfied by the process of the integration (from their perspective)	1	3	3	3	0	2	12	2.80

Gamma: Opinion of Zeta after the acquisition

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. The performance appraisal process focuses on end results vs. intermediate performance perceptions	0	1	3	4	2	2	12	3.70
2. The performance measures are based on divisional performance, not corporate performance.	1	2	2	5	0	2	12	3.10
3. The new company provides appropriate rewards for excellence in performance	2	1	2	6	1	0	12	3.25
4. The new company distributes awards in appropriate frequencies	0	4	2	5	1	0	12	3.25
5. Bonuses are linked to the strategic risk that you incurred	1	2	5	2	0	2	12	2.80
6. The new company has rewards that are uniform across divisions	0	2	6	2	1	1	12	3.18
7. The new company has an efficient manufacturing process	0	4	1	5	1	1	12	3.27
8. The new company has an efficient purchasing process	0	1	2	7	1	1	12	3.73
9. The new company has an efficient warehousing process	0	1	3	5	1	2	12	3.60
10. The new company has efficient maintenance processes	0	1	2	7	0	2	12	3.60
11. The new company has efficient data maintenance processes	0	1	1	9	0	1	12	3.73
12. The new company has an effective research and development approach	0	3	3	4	1	1	12	3.27
13. The new company has en effective marketing approach.	2	0	4	4	0	2	12	3.00

Gamma: Opinion of Zeta after the acquisition

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
14. The new company develops products to serve the market it should	0	0	2	9	1	0	12	3.92
15. The new company has effective customer service	1	2	2	5	2	0	12	3.42

PROPOSED ACQUISITION OF DELTA

Delta: Purpose of the acquisition

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
1. Remove the competition. The acquisition was pursued to remove competition but not to truly assimilate the product/service/technology.	3	1	1	1	1	0	7	2.43
2. Goal was to get the customer base but neutral on the technology. (Sell them our stuff.)	3	2	1	1	0	0	7	2.00
3. Goal was not to continue the development/improvement of the technology/products.	2	1	0	3	1	0	7	3.00
4. Goal was to take the new technology, ignore the new customers and sell the technology to established customers.	5	1	0	1	0	0	7	1.57
5. Continue the acquired business unchanged with no changes, improvement or modifications of the technology/product in the short and medium term.	2	1	0	2	2	0	7	3.14
6. Wanted the customers and also to Improve/change the acquired technology immediately.	1	0	0	4	2	0	7	3.86
7. Goal was to fully integrate new customers into the existing organization and made them prime customers like they were in the previous company.	0	1	0	3	3	0	7	4.14

Delta: Purpose of the acquisition

Answer Options	Disagree		Neutral (3)	Agree		Responses		Mean Opinion
	Strongly (1)	Slightly (2)		Slightly (4)	Strongly (5)	No Opinion	Total	
8. The main reason for the acquisition was that (AI) management wanted it, even with challenges.	2	2	1	1	1	0	7	2.57
9. The acquired company was desperate (would settle for price.)	2	2	3	0	0	0	7	2.14
10. The acquisition was pursued to strengthen the position of the acquiring company at the time.	0	1	0	2	4	0	7	4.29
11. The acquisition was pursued to get access to new markets.	4	1	0	0	1	0	6	1.83

CONSOLIDATED RESPONSES

Key:

Rating scale:

- 1: Strongly Disagree
- 2: Slightly Disagree
- 3: Neutral
- 4: Slightly Agree
- 5: Strongly Agree

Avg: Average of the mean responses

SD: Standard deviation of the mean responses

Purpose of the acquisition

Mean results for survey questions	**Mean Responses**				**Avg**	**SD**
	Alpha	**Beta**	**Gamma**	**Delta**		
1. Remove the competition. The acquisition was pursued to remove competition but not to truly assimilate the product/service/technology.	1.29	2.33	1.58	2.43	1.91	0.56
2. Goal was to get the customer base but neutral on the technology. (Sell them our stuff.)	2.25	1.89	2.75	2.00	2.22	0.38
3. Goal was not to continue the development/improvement of the technology/products.	2.00	1.33	2.58	3.00	2.23	0.72
4. Goal was to take the new technology, ignore the new customers and sell the technology to established customers.	1.38	2.33	1.92	1.57	1.80	0.42

Purpose of the acquisition

Mean results for survey questions	Mean Responses				Avg	SD
	Alpha	Beta	Gamma	Delta		
5. Continue the acquired business unchanged with no changes, improvement or modifications of the technology/product in the short and medium term.	3.00	2.75	3.58	3.14	3.12	0.35
6. Wanted the customers and also to Improve/change the acquired technology immediately.	3.86	4.22	3.08	3.86	3.75	0.48
7. Goal was to fully integrate new customers into the existing organization and made them prime customers like they were in the previous company.	4.38	4.56	4.00	4.14	4.27	0.25
8. The main reason for the acquisition was that (AI) management wanted it, even with challenges.	3.75	3.56	3.75	2.57	3.41	0.56
9. The acquired company was desperate (would settle for price.)	3.00	2.56	2.50	2.14	2.55	0.35
10. The acquisition was pursued to strengthen the position of the acquiring company at the time.	4.50	5.00	4.33	4.29	4.53	0.33
11. The acquisition was pursued to get access to new markets.	4.00	4.13	4.64	1.83	3.65	1.24

Managerial aspects

Mean results for survey questions	Mean Responses				Avg	SD
	Alpha	Beta	Gamma	Delta		
1. The new company is more proactive with regard to problems	3.88	3.50	3.45	-	3.61	0.23
2. The new company puts more emphasis on Research and Development	3.50	3.22	3.08	-	3.27	0.21
3. The new company puts more emphasis on innovation	3.63	3.00	3.25	-	3.29	0.31
4. The new company uses more efficient methods to make crucial decisions	3.50	3.13	3.80	-	3.48	0.34
5. The new company follows more of a long-term approach and vision	3.88	3.50	4.42	-	3.93	0.46
6. The new company relies more on personal experience	3.25	3.57	3.00	-	3.27	0.29
7. The new company judges decisions more fairly and efficiently	3.38	3.29	3.67	-	3.44	0.20
8. The new company gives better and more appropriate attention to experts' opinion	3.38	3.14	3.22	-	3.25	0.12
9. The new company makes more decisions with a long term approach	3.75	3.67	4.45	-	3.96	0.43
10. The new company is more open with financial information	3.88	3.71	4.10	-	3.90	0.19
11. The new company adapts more freely to changing circumstances without too much concern for past practice	3.63	2.75	3.00	-	3.13	0.45
12. The new company uses better systems to manage procedures and projects with formal control and procedures.	4.25	4.11	4.50	-	4.29	0.20
13. The new company follows more formally established procedures	4.13	4.56	4.67	-	4.45	0.29

Managerial aspects

Mean results for survey questions	Mean Responses				Avg	SD
	Alpha	Beta	Gamma	Delta		
14. The new company is better at forcing personnel to follow formal procedures	3.75	4.38	4.10	-	4.08	0.31
15. The new company is better at keeping tasks close to job descriptions	3.00	3.86	4.00	-	3.62	0.54
16. The new company top management does better at seeking more input at all levels in their decision making process	3.38	3.29	3.33	-	3.33	0.04
17. The new company does better at seeking input at all levels for capital budgeting decisions.	3.50	2.67	3.00	-	3.06	0.42
18. The new company management does better at seeking inputs and participation on all levels for the strategic growth and diversification of the company.	3.29	3.00	3.00	-	3.10	0.16
19. The new company makes more strong individualistic decisions by the responsible executives	3.14	2.67	3.50	-	3.10	0.42
20. The new company makes decisions more by consensus	2.86	2.86	2.40	-	2.70	0.26
21. The performance and evaluation system in the new company is more effective.	3.63	3.00	3.56	-	3.39	0.34
22. The new company focuses more on long term performance and not on individual short term performances (and failures)	3.75	3.14	4.00	-	3.63	0.44

Integration aspects						
Mean results for survey questions	Mean Responses				Avg	SD
	Alpha	Beta	Gamma	Delta		
1. Staff meetings relating to the integration were held and they were effective	3.63	3.57	2.70	-	3.30	0.52
2. Overview sessions were held and they were effective	3.25	3.29	2.45	-	3.00	0.47
3. Cultural awareness was created effectively	4.00	3.33	2.27	-	3.20	0.87
4. Mixed project teams were created effectively	3.57	2.89	2.00	-	2.82	0.79
5. R&D personnel were rotated to make personnel aware of the different technologies.	2.63	2.86	2.30	-	2.59	0.28
6. Your own work became more focused on what you do best?	3.25	4.00	3.20	-	3.48	0.45
7. Your own integration was effective	4.13	4.33	3.18	-	3.88	0.61
8. Communication in the integrated division/unit improved	3.75	3.56	2.55	-	3.28	0.65
9. Integration problems were worse than you expected	2.50	2.89	3.73	-	3.04	0.63
10. Your work became more focused on what you do best after the integration	3.13	3.78	3.10	-	3.33	0.38
11. The integration happened at what you would consider a reasonable speed	4.43	3.75	3.50	-	3.89	0.48
12. There was an ongoing level of inter unit communication	3.71	3.67	2.40	-	3.26	0.75
13. From the decisions you saw, it was clear that management had previous experience in post acquisition integration	3.57	3.88	2.64	-	3.36	0.65

Integration aspects						
Mean results for survey questions	Mean Responses				Avg	SD
	Alpha	Beta	Gamma	Delta		
14. Leadership was visible during the integration	4.00	4.33	2.75	-	3.69	0.83
15. Leadership was continuous during the integration	4.00	4.22	2.83	-	3.69	0.75
16. Personnel from the targeted company were appropriately retained	4.50	4.89	4.10	-	4.50	0.39
17. Personnel from the targeted company were appropriately applied to jobs that made sense based on their experience	4.00	4.67	4.22	-	4.30	0.34
18. There was an efficient communication process during the integration process	3.88	3.56	2.75	-	3.39	0.58
19. Voluntary personnel loss was indicative of a good integration process	3.83	3.88	3.50	-	3.74	0.21
20. There was work satisfaction after the integration	4.14	4.13	3.40	-	3.89	0.42
21. There was job security after the integration	4.38	4.25	3.70	-	4.11	0.36
22. Salary improved after the integration	3.75	3.13	2.67	-	3.18	0.54
23. Personal respect to key people improved after the integration	3.50	3.63	2.70	-	3.28	0.50
24. The integration changes created little stress	2.88	2.67	2.20	-	2.58	0.35
25. The company cultures were fairly compatible	3.63	3.83	3.33	-	3.60	0.25

Customer related aspects

Mean results for survey questions	Mean Responses				Avg	SD
	Alpha	Beta	Gamma	Delta		
1. Customers were comfortable with the announcement that their company was about to be acquired.	4.00	3.71	3.00	-	3.57	0.52
2. Customers were satisfied by communication that occurred during the acquisition period	4.00	3.86	2.80	-	3.55	0.66
3. Customers were satisfied by the communication after the acquisition occurred - during the integration period	4.14	4.00	2.50	-	3.55	0.91
4. Customers were satisfied by the process of the integration (from their perspective)	4.43	4.00	2.80	-	3.74	0.84

Opinion of Zeta after the acquisition

Mean results for survey questions	Mean Responses				Avg	SD
	Alpha	Beta	Gamma	Delta		
1. The performance appraisal process focuses on end results vs. intermediate performance perceptions	3.75	3.43	3.70	-	3.63	0.17
2. The performance measures are based on divisional performance, not corporate performance.	3.63	3.38	3.10	-	3.37	0.26
3. The new company provides appropriate rewards for excellence in performance	3.88	3.67	3.25	-	3.60	0.32
4. The new company distributes awards in appropriate frequencies	3.75	3.56	3.25	-	3.52	0.25
5. Bonuses are linked to the strategic risk that you incurred	3.38	2.83	2.80	-	3.00	0.32
6. The new company has rewards that are uniform across divisions	3.38	3.50	3.18	-	3.35	0.16
7. The new company has an efficient manufacturing process	2.75	3.63	3.27	-	3.22	0.44
8. The new company has an efficient purchasing process	3.60	3.75	3.73	-	3.69	0.08
9. The new company has an efficient warehousing process	3.50	3.71	3.60	-	3.60	0.11
10. The new company has efficient maintenance processes	2.86	3.13	3.60	-	3.19	0.38
11. The new company has efficient data maintenance processes	3.50	4.00	3.73	-	3.74	0.25

Opinion of Zeta after the acquisition

Mean results for survey questions	Mean Responses				Avg	SD
	Alpha	Beta	Gamma	Delta		
12. The new company has an effective research and development approach	3.00	2.88	3.27	-	3.05	0.20
13. The new company has en effective marketing approach.	3.43	3.88	3.00	-	3.43	0.44
14. The new company develops products to serve the market it should	4.13	3.89	3.92	-	3.98	0.13
15. The new company has effective customer service	3.88	3.33	3.42	-	3.54	0.29

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